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GAO

Report to the Honorable David L. Boren, U.S. Senate

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October 1985

MILITARY LOANS

Repayment Problems Mount As Debt Increases

GAO/NSIAD-86-10

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United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-220840

October 30, 1985

The Honorable David L. Boren
United States Senate

Dear Senator Boren:

This report responds to your request for information on military and economic assistance, loans, and grants to foreign countries. In this report, we focused on foreign governments' repayments of foreign military sale loans and the status of the Guaranty Reserve Fund.

We are issuing a separate report on repayment of economic and development assistance loans, including the Economic Support Fund. In response to your letter, we are also issuing a classified report which addresses third country financing for foreign military sales.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 10 days from the date of this letter. At that time, we will send copies to the Senate Committee on Foreign Relations, the House Committee on Foreign Affairs, and other appropriate House and Senate Committees; the Director, Office of Management and Budget; the Secretaries of State, Defense, and the Treasury; and other interested parties.

Sincerely yours,

Frank C Conahan

Frank C. Conahan
Director

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Executive Summary

At the beginning of fiscal year 1985, foreign governments owed the United States almost $61 billion (principal and interest) for military purchases financed under the foreign military sales program. Almost all of this amount represents market interest rate loans guaranteed by the United States. In response to Senator David L. Boren's request, GAO examined foreign governments' repayments of military loans and the impact of defaults on U.S. guaranteed loans.

Background

Foreign military sales have been financed through two types of loans: direct and guaranteed. Direct loans are financed through appropriated funds; guaranteed loans do not require appropriations and are therefore "off budget." Since the mid-1970s most loans were guaranteed loans. Beginning in fiscal year 1985, all foreign military sales loans were appropriated as direct loans and were, therefore, on budget.

Guaranteed loans were financed through the Federal Financing Bank, which obtains funds through borrowing. Congress created the Guaranty Reserve Fund to protect against defaults by foreign governments.

Results in Brief

Some countries are experiencing increasing problems repaying the military loans taken out over the past decade. Even though almost all these loans have been guaranteed by the United States, monies appropriated to the reserve fund have not kept pace with the growing contingent liability and increasing defaults. As a result, the reserve fund is expected to be depleted in fiscal year 1987 (and may even fall short in fiscal year 1986).

In response to some countries' difficulties in repaying their military loans, U.S. military aid has shifted since 1984 from mostly market rate loans to mostly outright grants and concessional interest rate loans.

GAO's Analysis

Defaults Are on the Increase

Since the mid-1970s, the U.S. government paid almost $1.7 billion due to defaults on guaranteed loans. Of that amount, foreign governments have repaid over $900 million, leaving a balance due the fund of $775 million at the beginning of fiscal year 1985. The year-end balances due the Guaranty Reserve Fund have risen steadily over the past several years.

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Most of the amounts ($496 million of $775 million) owed the reserve fund have been rescheduled, so they are now due at a later date. Turkey accounts for almost half of the amount owed the Guaranty Reserve Fund.

During fiscal year 1984, about $613 million was paid out due to defaults by 28 countries. The largest payment was made on behalf of Egypt ($393.3 million). Subsequently, Egypt repaid the reserve fund over half the owed amount.

Under existing legislation (known as the Brooke amendment), the United States must terminate economic and military aid to any country which is in default on its foreign assistance loans in excess of one year. Currently, Ethiopia and Nicaragua are under Brooke amendment sanctions.

Reserve Fund Being Depleted

In 1980, the Congress eliminated the requirement that the Guaranty Reserve Fund be kept at 10 percent of its authorized loans. Since then the fund's balance has decreased every year to a projected 1.9 percent level at the end of fiscal year 1985.

As of June 30, 1985, the reserve fund's cash balance had fallen below $400 million— significantly less than the gross amount paid out in the prior fiscal year ($613 million). The Department of Defense has determined that without additional appropriations the fund will hit zero in fiscal year 1987. In the event that a major debtor defaults, the reserve fund could be depleted in fiscal year 1986.

The Congress appropriated $109 million to increase the Guaranty Reserve Fund balance in fiscal year 1985, but no appropriation was requested for 1986. Instead, the administration requested permanent authorization and appropriation authority, which Congress subsequently turned down.

In turning down the administration's request, the Congress authorized that credits available for loans may be used, to the extent the reserve fund's cash balance is inadequate, to make payments for defaults and rescheduling of debt. The Congress also required a report on recommendations for replenishing the reserve fund.

In proposing permanent budget authority, administration officials said the proposal offers flexibility in that estimates of defaults and

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rescheduling of debt would not be necessary, as currently required in seeking appropriations for the Guaranty Reserve Fund. If the administration's proposal were adopted, it would remove the discipline associated with annual appropriations, and it would not highlight repayment problems as readily as the current operation of the Guaranty Reserve Fund.

Although guaranteed loans have not been used since fiscal year 1984, the provisions in the Arms Export Control Act which authorize their use remain in effect. GAO is concerned that if guaranteed loans were to be used again, the government's contingent liability could soar.

More Concessional Assistance

Recognition that many countries were having (or would have) difficulty repaying high interest rate loans caused a reassessment of the types of U.S. military aid. In fiscal year 1985, market rate loans fell to 29 percent of total military aid from 68 percent in fiscal year 1984. Conversely, grants and concessional interest rate loans rose to 71 percent of the military aid from 32 percent. This change in types of assistance was made to help foreign governments meet new defense needs without further burdening their economies.

Recommendations

In addition to the required report on recommendations for reimbursing the reserve fund due in November 1985, GAO recommends that the Secretary of State

- reassess the Guaranty Reserve Fund's current cash needs and provide the results of this needs assessment to the Congress in order that the Congress may consider these needs along with the administration's recommendations for reimbursing the fund, including any future proposal for permanent authority, and
- reserve a portion of the funds authorized for loan credits, if justified by the needs assessment, to cover potential defaults and rescheduled debt.

Matters for Consideration

In the event the administration submits another budget proposal for permanent authorization and appropriation authority, the Congress should consider such action only in conjunction with actions to rescind future guaranteed loan authority under the Arms Export Control Act.

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Agency Comments and Our Evaluation

The Departments of Defense and State provided official comments on the draft report. (See app. XV and XVI.) Where appropriate, suggested technical changes were made.

Defense concurred with the draft report. State, on the other hand, disagreed with GAO's recommendation that the Secretary of State reserve a portion of this year's credits to cover potential defaults and rescheduled debt. State did not consider this a viable foreign policy action because the amount of authorized credits was less than requested by the administration. Further, State considered it inappropriate for GAO to call for a reassessment of the reserve fund's cash needs, because the Congress had already required a report on replenishing the reserve fund. State also interpreted GAO's concern about enacting permanent authorization and appropriation authority to mean that GAO believes that the administration intends to begin using guaranteed loans again.

GAO disagrees with the Department's position on the recommendations. GAO believes that the Congress would have a better basis for reviewing the administration's recommendations for replenishing the reserve fund if the Congress had current information on the fund's cash needs. GAO's understanding is that the report being prepared for the Congress would not necessarily include an assessment of near term cash needs. GAO also believes that if an assessment reveals that the reserve fund's balance is inadequate for fiscal year 1986 needs, then reserving a portion of the funds authorized for credits would be an appropriate response since the Congress has authorized use of credits for this purpose.

GAO did not intend to imply that the administration plans to begin using guaranteed loans. GAO is emphasizing its concern that if the use of guaranteed loans were revived, the government's contingent liability could soar.

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Abbreviations

AID	Agency for International Development
DOD	Department of Defense
DSAA	Defense Security Assistance Agency
ESF	Economic Support Fund
FMS	Foreign Military Sales
GAO	General Accounting Office
GRF	Guaranty Reserve Fund
IMF	International Monetary Fund
IMET	International Military Education and Training Program
MAP	Military Assistance Program

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Introduction

In January 1983, we issued a report[1] which questioned whether the Foreign Military Sales (FMS) Financing Program was being conducted in a realistic manner. We found that some countries could not afford the high interest rates being charged and were experiencing difficulties in making required payments. Since then, various steps have been taken to provide low (concessional) interest rates on FMS loans and to provide more military assistance on a grant (no cost) basis. However, even though grants and concessions have increased, economically strapped countries continue to have problems repaying military loans taken out in prior years.

Senator David Boren requested that we examine the repayment record for each country receiving loans—both economic or military—under U.S. foreign aid programs. This report focuses on foreign governments' repayments of FMS loans and the status of the Guaranty Reserve Fund set up to back those loans. It also describes how U.S. military aid has shifted since fiscal year 1984 from mostly market rate loans to mostly outright grants and concessional interest rate loans.

We are issuing a separate report on repayment of economic and development assistance loans, including the Economic Support Fund (ESF). ESF is administered by the Agency for International Development (AID) and is provided to countries and organizations of special political and economic interest to the United States.

FMS Financing Program—The Only Military Aid Program Requiring Repayment

The Arms Export Control Act and Foreign Assistance Act of 1961, as amended, govern three military aid programs: the Foreign Military Sales Financing Program, the Military Assistance Program (MAP), and the International Military Education and Training Program (IMET). These programs are intended to enable other countries to acquire, train for, and use defense equipment which is determined as necessary for their defense. Two of the military aid programs—MAP and IMET—are provided on a grant basis. MAP provides grant financing to foreign governments—at no cost to them—for the purchase of defense articles, services, and training. IMET, on the other hand, provides professional military training and education in the United States and overseas to foreign military personnel—again with no cost to the recipient foreign government. Appendixes III and IV detail the amounts and recipients for

[1] Unrealistic Use of Loans to Support Foreign Military Sales, January 19, 1983 (GAO/ID-83-5).

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both programs through fiscal year 1985. For fiscal year 1986, the Congress has authorized $805.1 million and $56.2 million for MAP and IMET, respectively.

Of the three military aid programs, only the FMS financing program requires repayment by the recipient foreign governments for aid received. This is true for all countries except the largest recipients—Israel and Egypt—which increasingly have had their loan repayments waived or forgiven.

The FMS financing program provides credits to foreign governments to purchase defense articles, services, and training. For fiscal year 1985, the Congress appropriated about $4.9 billion for FMS financing loans. More than half of that amount—about $2.6 billion—was earmarked for Israel and Egypt. For fiscal year 1986, the Congress authorized $5.4 billion, with $3.1 billion earmarked for Egypt and Israel. The Egyptian and Israeli shares are "forgiven" loans, which do not require repayments. As such, those loans are essentially grants.

Types of Loans

Over its history the FMS financing program has provided assistance through two types of credit loans—direct and guaranteed. Under direct credit loans, DOD finances procurement of defense articles out of funds specifically appropriated for that purpose. Guaranteed loans, on the other hand, do not require appropriations and are therefore "off-budget." The loans are financed through the Federal Financing Bank, which obtains funds through borrowing. Repayment of both principal and interest due on a loan is guaranteed repayment from the Guaranty Reserve Fund, a special reserve established by Congress for that purpose.

Direct credits, authorized by the Arms Export Control Act, were used from 1968 until the mid-1970s. Starting in 1975, guaranteed loans became the predominant type of financing, with the exception of continued direct loans to Egypt and Israel (and a small amount to Sudan). In fiscal year 1985, the situation reversed. Starting in that year, all new FMS loans were direct loans, and thus were on budget.

As we emphasized in our 1983 report, the shift to on-budget direct loans has two major advantages: it more accurately reflects the total expenditure for foreign military assistance, and it provides greater flexibility to issue concessional interest rate loans if appropriate. Because guaranteed loans were financed by funds borrowed by the Federal Financing Bank

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at the high rates of interest prevailing during the period of borrowing activity, the Federal Financing Bank was required to charge recipients high market interest rates. As discussed in this report, some countries cannot afford the high interest charges incurred on loans taken out in prior years.

Objectives, Scope, and Methodology

In accordance with Senator Boren's request, our objectives were to (1) determine the amounts and types of military assistance in the form of loans and grants provided to foreign governments, (2) analyze the repayment history on U.S. military loans by the foreign governments, (3) determine the contingent liability of the United States for guaranteeing payment in the event foreign governments default on payments, and (4) ascertain the circumstances under which a third country promises to pay the cost of sales for another foreign government. Additionally, we examined the use of statutory sanctions to terminate assistance due to defaults on scheduled repayments.

As agreed with the requestor's office, we did not review the accuracy of billings to each country. GAO had extensively reviewed and reported on a range of FMS financial management problems over the past 5 or 6 years. We confirmed that corrective actions are being taken under the oversight of the House Appropriations Committee, and that these actions are intended to address these long-standing problems.

We obtained information on the amounts and types of military assistance for the period 1950-84 (see app. I through IV). We interviewed officials and examined records on the repayment histories of recipient foreign governments, including the terms of repayments, payments by the United States on behalf of foreign governments for defaulted payments, and rescheduling of overdue debt repayments (see app. VI through XII). We reviewed the process on oversight and reporting on overdue payments for military assistance. We also examined the use of statutory sanctions to terminate assistance to countries with poor repayment histories because of the requestor's interest in considering legislation on this matter.

We reviewed economic analysis reports and related economic indicators on selected countries which received large amounts of military assistance, and surveyed various studies which addressed proposed changes in the security assistance program, such as the November 1983 report by the Commission on Security and Economic Assistance.

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This report discusses the military side of U.S. foreign assistance activities. A separate GAO report will be issued on economic assistance programs, including the Economic Support Fund. A classified supplement to this report will address the issue of third countries' financing purchases for another country.

We performed our work at the Departments of Treasury, State, and Defense—principally at Defense Security Assistance Agency (DSAA), which manages the military aspects of security assistance. We conducted our review during the period July 1984 through March 1985, in accordance with generally accepted government auditing standards.

For the most part, year-end data (fiscal year 1984) was used to facilitate comparisons to prior year activity levels. We have updated selected portions—particularly the status of the Guaranty Reserve Fund—because they had an important impact on our conclusions and recommendations.

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Chapter 2

Nonpayment of Guaranteed FMS Loans Is Depleting Reserve Fund

At the beginning of fiscal year 1985, DSAA estimated that foreign governments owed the United States almost $61 billion (principal and interest) for military purchases financed under the FMS program. Almost all of this amount represents guaranteed high interest rate loans taken out since 1975.

Not surprisingly, some foreign governments have found it increasingly difficult to repay these loans. In fiscal year 1984, for example, the U.S. government made payments of $613 million because of nonpayments—defaults and rescheduling of loan repayments—by foreign governments. The Guaranty Reserve Fund—an account used to protect against nonpayments by foreign governments—has been depleted to the point where it is expected to have a zero balance in fiscal year 1987, unless additional funds are appropriated.

Instead of requesting additional appropriations to the reserve fund, the administration has requested permanent budget authority in its fiscal year 1986 budget to draw amounts as required to cover foreign government defaults from permanent appropriation funds. The Congress rejected that proposal, and the administration has not yet submitted alternatives.

The nonpayments of FMS loans and the status of the reserve fund are discussed in this chapter.

Outstanding Loans

Based on the amount of direct and guaranteed FMS credits available to each foreign government through September 30, 1984, DSAA projected the total debt at $60.7 billion (principal and interest). DSAA projects this debt on the assumption that the amounts available to countries for loan purposes will be used and repaid according to agreed loan terms.

Under the FMS financing program, foreign governments sign a loan agreement with the U.S. government, represented by DSAA, establishing a line of credit up to a specified dollar amount and a principal repayment schedule, together with provisions regarding the payment of interest on amounts subsequently drawn down against the line of credit and other conditions of the loan. The repayment terms are up to a maximum of 12 years, except when Congress specifically authorizes a longer period for particular countries. (See app. XIII for details on approved loan terms.)

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Of this $60.7 billion outstanding debt, about $58.7 billion (principal and interest) involves guaranteed loans (see app. V). Because of DSAA's commitment to make scheduled payments on guaranteed loans when foreign governments default on them, this amount represents the total contingent liability to the U.S. government over the next 30 years after all available credits extended through September 30, 1984, are used. This liability will not increase unless guaranteed credit loans are again used in the future.

Table 2.1: Outstanding Debt for Major Debtor Countries (Principal and interest)

Dollars in millions

Country	Debt outstanding	
	Guaranteed	Total
Israel	$24,521	**$25,529**
Egypt	14,337	**14,337**
Turkey	5,724	**6,323**
Greece	4,743	**4,743**
Spain	2,043	**2,043**
Korea (Seoul)	1,678	**1,678**
Pakistan	1,001	**1,001**
Others (36 countries)	4,665	**5,053**
Total	**$58,712**	**$60,707**

All but $5 billion of the $60.7 billion of total projected debt outstanding is held by the seven countries. Egypt and Israel account for about two-thirds of the total debt.

Overdue Amounts at the Beginning of Fiscal Year 1985

DSAA is required to report quarterly to the Treasury on the status of loan repayments. As of September 30, 1984, $292 million was overdue, about $115 million overdue for more than 90 days. As shown below, some of the overdue amounts had been previously rescheduled—and were overdue for the second time.

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Table 2.2: Overdue Amounts as of September 30, 1984

Actual dollars

Country	Original	Rescheduled	Total
Bolivia	$ 14,875	$ •	$ 14,875
Botswana	456,900	•	456,900
Colombia	5,780	•	5,780
Dominican Republic	986,323	•	986,323
Ecuador	3,561,782	43,031	3,604,813
Egypt	175,272,826	•	175,272,826
El Salvador	9,074,650	•	9,074,650
Ethiopia	4,572,184	•	4,572,184
Haiti	3,703	•	3,703
Honduras	1,697,626	•	1,697,626
Jamaica	332,212	•	332,212
Jordan	61,921,326	•	61,921,326
Liberia	890,895	210,173	1,101,068
Morocco	3,259,180	5,626,811	8,885,991
Nicaragua	389,356	•	389,356
Niger	6,683	•	6,683
Oman	9,382	•	9,382
Panama	112,823	•	112,823
Peru	2,347,864	1,260,117	3,607,981
Senegal	612,655	44,556	657,211
Somalia	5,632,020	•	5,632,020
Sudan	12,853,315	1,344,921	14,198,236
Tunisia	3,150	•	3,150
Total	**$284,017,510**	**$8,529,609**	**$292,547,119**

U.S. Payments on Foreign Governments' Defaults

DSAA is required to pay amounts, on behalf of defaulting foreign governments, that remain unpaid 10 days after the scheduled repayment dates of the guaranteed loan agreements. DSAA makes payment from the Guaranty Reserve Fund to the Federal Financing Bank—the borrowing agent for the credit loan funds. When the foreign government makes repayment it is deposited to the reserve fund.

Since the mid-1970s, the U.S. government has made almost $1.7 billion in payments due to defaults on scheduled guaranteed loans. Of this amount, foreign governments have repaid the reserve fund about $920 million, leaving a balance due the fund of about $775 million as of September 30, 1984.

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During fiscal year 1984, DSAA made about $613 million in payments due to defaults on scheduled guaranteed loans. Twenty-eight countries accounted for this total (see app. VI). DSAA's largest payment was on behalf of Egypt in the amount of $393.3 million.

Year-End Balances Owed Guaranty Reserve Fund

Table 2.3 shows the year-end outstanding balances for DSAA payments made on behalf of foreign governments which have failed to make payments on their guaranteed loans when due. It clearly demonstrates a trend toward higher outstanding balances, and indicates the increasing difficulty some countries are experiencing with debt repayments. Turkey had the largest balances outstanding for defaulted payments, with Egypt being second.

Table 2.3: Year-End Outstanding Balances on Guaranteed Loans

Dollars in thousands

	Fiscal Years			
Country	**1981**	**1982**	**1983**	**1984**
Ecuador	$ •	$ •	$3,548	$10,141
Egypt	•	•	•	175,273
Jordan	•	22,435	38,754	61,921
Morocco	6,977	28,774	41,491	77,295
Peru	8,872	7,068	7,068	16,735
Sudan	1,092	8,505	23,405	38,398
Turkey	233,813	320,233	387,084	359,382
Others	15,499	21,286	25,659	35,813
Total	**$266,253**	**$408,301**	**$527,009**	**$774,958**

The outstanding balance represents the amounts foreign governments owe the reserve fund. Some governments are able to repay amounts quickly. For example, Egypt repaid over half of the $393.3 million paid by DSAA in fiscal year 1984, leaving a year-end balance of about $175.3 million. Other countries have had their debts rescheduled. (See app. VIII through XI for details on year-end rescheduled balances for all foreign governments.)

Rescheduled Loans

Many of the payments by DSAA involved cases in which the foreign governments entered into a rescheduling of its debts (see app. VII). When this occurs, the due dates are revised to reflect future repayments. Of the $775 million paid by DSAA and still owed the fund, $495.6 million was rescheduled. (As indicated in table 2.2, some rescheduled amounts are again overdue.)

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The United States reschedules a debt if scheduled repayments cannot be made and the country being rescheduled faces the prospect of imminent default. As a condition of rescheduling, a multilateral official debt rescheduling must be undertaken, and the foreign government must have agreed to an International Monetary Fund (IMF) arrangement for economic reform. In exchange for IMF assistance, the country accepting the arrangement agrees to take specific actions intended to stabilize the country's economy and enable it to meet its debt obligations.

During the period 1978 through 1984, $799.2 million was rescheduled. Turkey accounted for $568.7 million of the total amount rescheduled. The remainder was accounted for by eight countries (see app. IX).

Statutory Sanction Invoked to Terminate Military Assistance

The Foreign Assistance and Related Programs Appropriations Act, 1985, contained a legislative restriction or sanction to terminate assistance to a foreign government which defaults on repayments of U.S. loans. Section 518 of the act, also known as the Brooke amendment, states:[1]

"No part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to such country by the United States pursuant to a program for which funds are appropriated under this Act."

The FMS financing program is among the foreign assistance programs funded under the act.

DOD policy states that when the Brooke amendment sanction is imposed, new FMS credit cases will not be offered, new commercial purchases will not be approved for loan financing, new IMET programs will not be implemented, and new FMS loans will not be issued.

According to data at the Departments of Defense and State, nine countries have been sanctioned over the past several years. These countries are Bolivia, Ethiopia, Liberia, Nicaragua, Peru, Senegal, Somalia, Sudan, and Zaire. Currently, Ethiopia and Nicaragua are under the Brooke amendment sanction. Sudan, however, may be sanctioned in December 1985 because further reschedulings may not occur unless it abides by an IMF arrangement.

[1]Similar language first appeared in section 506 of the Foreign Assistance Appropriations Act of 1976.

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Zaire appears to have incurred the sanctions most frequently under the Brooke amendment. During the period August 1983 to May 1984, Zaire was sanctioned several different times with $12.2 million at May 2, 1984, being the largest single amount during these occurrences. This sanction was lifted when the United States entered into an official debt rescheduling with Zaire. According to DOD repayment records, Zaire has accounted for most of the payments overdue in excess of one year.

In conjunction with its review of the fiscal year 1985 security assistance budget, the House Committee on Appropriations conferees were concerned that agencies providing foreign assistance had not developed and implemented plans to carry out the intent of the Brooke amendment. The report states severe debt problems faced by some countries have increased the likelihood that some of these countries will be unable to repay their foreign assistance loans owed to the U.S. government. The report states the conferees expect appropriate agencies to have a system in place and to begin concluding activities as soon as possible after a country is sanctioned.

The conferees' report states the implementing system should include at least the following:

(1) cable notifications to field missions 6 months before the 1-year deadline;

(2) initiation of assessments, prior to the 1-year deadline, of necessary requirements to end the program;

(3) negotiations with the delinquent government, for the purpose of both encouraging repayment and making the government aware of the consequences of nonpayment as soon as it appears likely that the 1-year deadline will be exceeded; and

(4) obligation of funds only for purposes necessary for the rapid conclusion of current activities as soon as possible after the 1-year deadline has passed.

DSAA's General Counsel stated that the agency fully complies with the intent of the Brooke amendment and its own policy on quickly terminating military assistance. Department of State and DSAA records show the following actions are taken: (1) foreign governments receive payment schedules and subsequent billing statements that indicate amounts that are due, (2) the country is notified by cable as soon as an amount

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becomes overdue, (3) American Embassy personnel attempt to obtain collection of the overdue amounts, (4) cables periodically inform the country of additional interest and late charges that are accruing, and (5) cables are sent prior to the 1-year sanction period which inform the country it will be subject to sanctions under the Brooke amendment.

The DSAA General Counsel stated no new military assistance is offered to a country which has been sanctioned. While no new loan agreements are executed, foreign students in IMET are allowed to complete the current training program but would not be allowed to continue in other courses.

Guaranty Reserve Fund Is Being Depleted

Before 1980, the reserve fund's balance was kept at 10 per cent (25 percent before 1975) of its authorized loans through annual appropriations. This approach allowed the reserve fund's balance to rise proportionately to its liability. In December 1980, the Congress eliminated the 10-percent requirement. Since that time the fund's balance has decreased each year, while at the same time cumulative liability has increased.

Table 2.4: Reserve Fund Balances
(Fiscal years 1977-86)

Dollars in millions

Fiscal year	Cash balance of funds	Cumulative contingent liability[a]	Percent
1977	$ 389	$ 3,894	10.0
1978	548	5,478	10.0
1979	1,065	10,643	10.0
1980	1,170[b]	12,093	9.6
1981	1,060	13,233	8.0
1982	919	15,662	5.9
1983	800	18,871	4.2
1984	552	22,556	2.4
1985[c]	422[d]	21,849	1.9
1986[c]	144	21,065	.7

[a]Excludes future interest.

[b]The balance of the fund after all outlays as of December 16, 1980. The total represented 25 percent of outstanding loans issued in FY 1974 and prior and 10 percent of outstanding loans issued subsequent to 1974. After December 16, 1980, Public Law 96-533 was passed, and no new appropriations were authorized to maintain the fund at the 10-percent level.

[c]Estimated.

[d]The administration requested an increase of $274 million in the funding level of the reserve fund, and an increase of $109 million was appropriated. The amount of $422 million for 1985 includes the amount appropriated.

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In fiscal year 1985, the Congress appropriated $109 million of the $274 million budget request for the reserve fund, which increased the beginning year balance from $552 million to $661 million. The request for $274 million was intended to maintain the fund's fiscal year 1985 ending balance at about $750 million, according to DSAA officials. The Arms Export Control Act, as amended, required a presidential report to the Congress when the payment of claims reduced the reserve fund to less than $750 million.

In the budget request sent to the Office of Management and Budget for fiscal year 1986, DSAA requested an appropriation of $356 million to the reserve fund. DSAA projected that this amount was needed to maintain the fiscal year 1986 ending balance at about $500 million—the approximate level which the Congress indirectly established in appropriating only $109 million of the $274 million requested for fiscal year 1985. Despite the DSAA request, the administration did not ask for an appropriation to the reserve fund for fiscal year 1986 but instead proposed permanent authorization and appropriation authority.

Subsequently, the House Foreign Affairs and Senate Foreign Relations Committee rejected the administration's proposal. The fiscal year 1986 Foreign Assistance Authorization Act authorized that credits, available for loans, may be used at the expense of current programs to pay claims under loan guarantees, to the extent the reserve fund's cash balance is inadequate. The bill also requires a report by November 8, 1985, on recommendations for replenishing the reserve fund, 90 days after the bill became law.

DSAA's payments on defaulted loans must come from the reserve fund or, to the extent the fund is inadequate, the credits authorized in fiscal year 1986 for loans. At the end of fiscal year 1984 the balance was less than amounts paid out in that year ($552 million versus $613 million). Although $775 million is owed the fund for past payments, much of that has been rescheduled, and as discussed in chapter 3, foreign governments may have increasing difficulty making future payments.

As of June 30, 1985, the reserve fund's cash balance had fallen below $400 million due in part to an increase in Egypt's defaults. Egypt will have to pay off older amounts to preclude the Brooke amendment sanctions from taking effect. However, that will not end the problem, which in fact may worsen. Egypt's scheduled repayments due in fiscal year 1986 are $73 million greater than scheduled repayments in fiscal year 1985 ($485 million)—and Egypt did not meet those obligations. In the

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event Egypt continues to default and other countries do likewise, the reserve fund could be depleted in fiscal year 1986. DSAA has determined that payments will be made on behalf of other countries, and has projected a zero balance in fiscal year 1987.

According to an Office of Management and Budget official, the administration does not plan, at this time, to request an appropriation to the reserve fund for fiscal year 1986, but may again propose permanent authorization and appropriation authority in the fiscal year 1987 budget. The official said this authority would permit smoother operation in that an annual appropriation requires a projection of defaults and rescheduling of debt, whereas permanent authority would be available for use as each situation of default or rescheduling of debt occurs.

Because guaranteed loans are no longer being made, the government contingent liability is frozen at the existing level and will decrease as loans are paid off. The authority to reinstitute guaranteed loans, however, still exists under the Arms Export Control Act. Future use of guaranteed loans would expand the government's contingent liability. In this regard, the practice of requesting an annual appropriation to the fund may call attention to the default problem more effectively than permanent authority would, and as a line item in the budget, the fund competes for security assistance dollars against other potential uses, which highlights trade-offs.

Conclusions

Foreign governments owe about $61 billion dollars for military purchases. The U.S. government has guaranteed repayment of almost all of that amount.

The amounts the United States has paid when foreign governments default or reschedule payment are rising, as demonstrated by the year-end balances due to the reserve fund. At the same time that foreign governments are having more difficulty making repayments, the Guaranty Reserve Fund's cash on hand is falling.

Without permanent authority or an appropriation to the reserve fund, the fund's balance may be inadequate to cover defaults and rescheduling of debt in fiscal year 1986. The probability of major defaults by another country, like Egypt has experienced over about the past year, is difficult to accurately predict. Coupled with this uncertainty are Egypt's increased scheduled repayments for fiscal year 1986 and projected defaults and rescheduling of other countries' debt payments.

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The administration's proposal for permanent authorization and appropriation authority would have assured in fiscal year 1986 that the guaranty underlying repayment of the guaranteed loans would be satisfied. With the Congress's rejection of the administration's proposal and lacking an appropriation which would maintain the reserve fund's fiscal year end balance at approximately the same level as its beginning year balance, the reserve fund may need to use the fiscal year 1986 funds authorized for credits to make payments due to defaults and rescheduling of debt. Consequently, some portion of the credits may need to be reserved for this eventuality.

If the administration again proposes permanent authorization and appropriation authority in the fiscal year 1987 budget, it will be considered by the Congress at a time when the reserve fund's cash balance will probably be at the lowest level in its history and the fund faces a projected zero balance. We have one major reservation—that is a concern that guaranteed loans would be used again. Since fiscal year 1985, all FMS loans have been direct (on-budget) loans. As long as this continues to be policy, the government's contingent liability will not increase beyond the loans already made.

Were the guaranteed loan program to again become predominant, the government's contingent liability could soar. In our opinion, an annual appropriations process, such as currently exists, more readily highlights repayment problems of guaranteed loans.

Recommendations

In addition to the required report, due in November 1985, on recommendations for reimbursing the reserve fund, we recommend that the Secretary of State

- reassess the Guaranty Reserve Fund's current cash needs and provide the results of this needs assessment to the Congress in order that the Congress may consider these needs along with the administration's recommendations for reimbursing the fund, including any future proposal for permanent authority, and
- reserve a portion of the funds authorized for loan credits, if justified by the needs assessment, to cover potential defaults and rescheduled debt.

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Matters for Consideration by the Congress

In the event the administration submits another budget proposal for permanent authorization and appropriation authority, the Congress should consider such action only in conjunction with actions to rescind future guaranteed loan authority under the Arms Export Control Act.

Agency Comments and Our Evaluation

The Departments of Defense and State provided comments. (See app. XV and XVI.) Where appropriate, suggested technical changes were made.

Defense concurred with the draft report. State, on the other hand, disagreed with our recommendation that the Secretary of State reserve a portion of this year's credits to cover potential defaults and rescheduled debt. State did not consider this a viable foreign policy action because the amount of authorized credits was less than requested by the administration. Further, State considered it inappropriate for us to call for a reassessment of the reserve fund's cash needs, because the Congress had already required a report on replenishing the reserve fund. State also interpreted our concern about enacting permanent authorization and appropriation authority to mean that we believe that the administration intends to begin using guaranteed loans again.

We disagree with the Department's position on our recommendations. We believe that the Congress would have a better basis for reviewing the administration's recommendations for replenishing the reserve fund if the Congress had current information on the fund's cash needs. Our understanding is that the report being prepared for the Congress would not necessarily include an assessment of near term cash needs. We also believe that if an assessment reveals that the reserve fund's balance is inadequate for fiscal year 1986 needs, then reserving a portion of the funds authorized for credits would be an appropriate response—since the Congress authorized use of credits for this purpose.

We did not intend to imply that the administration plans to begin using guaranteed loans. We are emphasizing our concern that if the use of guaranteed loans were revived, the government's contingent liability could soar.

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Military Aid Has Become Mostly Low Interest Loans and Grants

U.S. military aid was provided primarily on a grant (no cost) basis until the mid-1970s when loans replaced grants as the primary means of providing military assistance. As discussed in chapter 2, most loans were guaranteed by the United States in the event of default on repayments by foreign governments. High interest rates on these guaranteed loans coupled with world debt problems caused a reassessment of the way the United States was providing military aid.

The Commission on Security and Economic Assistance, established by and whose members were appointed by the Secretary of State in February 1983 to review the goals and activities of U.S. foreign assistance efforts, concluded that greater concessionality was needed in military assistance in order to reduce the debt repayment of poorer countries. It determined that the optimum mix of programs could only be reached on a country-by-country basis considering local conditions and U.S. interests. In recommending concessional military assistance loans, the Commission stated that the same economic factors used for determining concessional economic assistance should also be used for military assistance. The Commission reported, in November 1983, that

"If conditions in the recipient country justify concessional economic assistance, this should be a prime consideration in determining whether military assistance should also be concessional....The Commission recognizes that this policy will lead to extending more concessional military assistance worldwide, yet the Commission believes that such extension is justified to avoid adding further to the problems of U.S. assistance recipients with large debts."

Prior to the Commission's work, GAO had issued a report addressing the unrealistic use of military loans. It concluded that the FMS financing program with high interest rates did not reflect the ability of some recipient countries to repay their loans or the wide differences in the severity of economic problems being faced by various recipients.

Fiscal Year 1985 Military aid

In fiscal year 1985 there was a major change in types of military aid provided, with the bulk of the aid shifting to concessional (low) interest rate loans and grants.

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Table 3.1: Types of Loans (Fiscal years 1984-85)

Dollars in millions

Programs/method of delivery	Fiscal year 1984	1985
Grants		
FMS loans with repayments forgiven	$1,315	$2,575
MAP	712	805
IMET	52	56
Total	**$2,079**	**$3,436**
Grants as percentage of total assistance	32	59
Concessional interest rate loans		
FMS	$ •	$698
Total	**$ •**	**$698**
Concessional interest rate loans as percentage of total assistance	0	12
Market rate loans		
FMS	$4,401	$1,667
Market rate loans as percentage of total assistance	68	29
Totals		
Amount	**$6,480**	**$5,801**
Percentage	**100**	**100**

The data show FMS market rate loans declined from 68 to 29 percent in fiscal year 1985 as a percentage of the total military aid, whereas grants, including loans with repayments forgiven, increased from 32 to 59 percent of the total military aid. Grants and concessional interest rate loans increased from 32 percent to 71 percent of military aid in fiscal year 1985.

The FMS financing program for fiscal year 1985 was, for the first time since guaranteed loans were introduced in the mid-1970s, largely concessional assistance. Loans at concessional interest rates for fiscal year 1985 will assist 14 foreign governments with debt repayment problems. A Department of State official stated that a concessional fixed interest rate between 5 and 6 percent will be used for loans executed under the fiscal year 1985 financing program, and the market interest rate will be the rate in effect at the time a nonconcessional interest rate loan is executed.

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Forgiven FMS loans (shown in the chart as grants to reflect their actual nature) are the ultimate form of concessional assistance in that debt repayments are waived. Only two countries—Egypt and Israel—received forgiven loans during this period.

Increase in Grant Aid

In addition to FMS loans becoming significantly more concessional in fiscal year 1985, MAP and IMET grant assistance has also increased in amount and as a proportion of the military aid programs. The growth and importance of MAP grants are particularly evident for countries with acute economic problems, such as Liberia, Somalia, Sudan, and Zaire.

For example, Liberia, which the United States regards as one of its closest friends in Africa, received $6 million in MAP grants and $6 million in FMS loans in fiscal year 1983. In fiscal years 1984 and 1985, all U.S. military aid to Liberia was in the form of grants. For fiscal year 1986, MAP grant assistance of $13 million is requested on the basis that military aid to that country can be implemented only with grant assistance. The fiscal year 1986 budget justification states "Any other arrangement would handicap Liberia further in its efforts to meet large debt payments while struggling to revitalize an economy suffering from severely depressed export markets for its primary products."

Similarly, strategically located Somalia received $10 million in FMS loans and $15 million in grants in fiscal year 1983. AID to Somalia shifted to grants as the sole means of providing AID ($32 million in MAP grants in fiscal year 1984 and $33 million in fiscal year 1985). For fiscal year 1986, only MAP grant assistance of $40 million is being requested. The budget justification states Somalia's severe balance of payments crisis mandates that this assistance be provided on a grant basis. In March 1985, Somalia entered into its first debt rescheduling when its overdue repayments to the United States were rescheduled.

The story—grant assistance as the only realistic way to provide military aid to economically strapped countries—is much the same for Sudan and Zaire military aid, which formerly was split between loans and grants but is now solely grants.

Profiles of Selected Military Aid Recipients

Forty-three foreign governments owe the United States an estimated $60.7 billion (principal and interest) for FMS loans. Israel, Egypt, and Turkey account for about three-quarters of this amount (see app. IV).

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This section describes the FMS repayment records and prospects for these three countries. It discusses these countries' military debt, and the concessional assistance which they receive, and provides some insight into the U.S. approach to structuring the amounts and types of security assistance to ease their debt burdens.

Israel

Israel's debt (principal and interest) from U.S. direct and guaranteed military loans is the largest of any foreign government—$25.5 billion, or 42 percent of the total $60.7 billion debt.

The amounts and types of assistance to Israel have been particularly tailored for this country. Israel receives significant amounts of concessional military aid in the form of loans with the repayments forgiven or waived. Through 1985, Israel received a total of $19.7 billion (principal only) in FMS loans, of which $8.5 billion was on forgiven terms. The remaining loans to Israel have 30-year repayment terms—longer than the 12-year term usually authorized. For fiscal year 1986, Congress has approved increased amounts of concessional FMS assistance to Israel—specifically $1.8 billion in forgiven loans, an increase of $400 million over fiscal year 1985.

In addition to concessional and forgiven military loans, Israel receives ESF cash assistance, which has enabled it to make required repayments of existing military loans. Section 534 of the Foreign Assistance and Related Programs Appropriation Act of 1985 establishes a policy that ESF cash assistance must equal or exceed Israel's annual debt repayment to the U.S. government. Thus, in fiscal year 1984, Israel repaid $903.5 million in FMS loan repayments, and received $910 million in ESF assistance cash grants. For fiscal year 1985, Israel will receive $1.2 billion in cash grants (its FMS debt obligation in that year is $1.1 billion). Additionally, the fiscal year 1985 supplemental appropriation provided an additional $1.5 billion of ESF cash assistance; half of the amount has been transferred in fiscal year 1985, and the remaining half will be provided in fiscal year 1986.

Although ESF cash assistance has precluded Israeli defaults on FMS loan repayments, Israel's indebtedness poses serious problems for that country's economy. Israel's debt service ratio in 1983, according to Department of the Treasury data, was 35 percent and its balance of payments, including trade balance, was a $4.1 billion deficit. The need for Israel to undertake economic reform measures was pointed out most recently in the administration's fiscal year 1986 budget justification. Israel has no

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arrangement with the IMF, and according to State Department officials, none is likely to occur for political reasons.

Egypt

Egypt is the second largest military debtor on U.S. military aid loans. Egypt's estimated principal and interest debt outstanding under available loan credits as of September 30, 1984, was $14.3 billion.

Like Israel, Egypt has received a large amount of AID on concessional terms. From 1979 through 1985, Egypt received $6.8 billion in loans, of which $2.3 billion was forgiven. Egypt has also received 30-year repayment terms, with the first 10 years being a grace period when only interest is due. Unlike Israel, however, Egypt has not in the past received ESF cash assistance to offset FMS loan repayments. Beginning with the fiscal year 1985 supplemental, Egypt received $500 million ESF cash assistance for disbursement in fiscal years 1985 and 1986.

Egypt had a debt service ratio of about 26 percent according to the fiscal year 1985 budget. FMS obligations comprise about one-fifth of the debt service obligations. Due to Egypt's 30-year repayment terms, repayments are increasing as the grace periods expire. For example, scheduled repayments increase from $485 million in fiscal year 1985 to $701 million in fiscal year 1994. In addition to $485 million scheduled repayments in fiscal year 1985, Egypt must also pay $175.3 million overdue at September 30, 1984. (See page 16.)

Since about 1980, DSAA has paid about $563.8 million when Egypt defaulted on repayments, most of which was paid in fiscal year 1984 ($393.2 million). In that fiscal year, Egypt managed to repay only $5.2 million of scheduled debt on time.

Of the $563.8 million paid by DSAA when Egypt defaulted on scheduled repayments, Egypt repaid $388.6 million. For the first time, Egypt had an overdue amount outstanding at the end of a fiscal year—$175.3 million at September 30, 1984. This amount increased to $313 million at March 11, 1985, and $413 million at June 30, 1985.

A significant part of the $175.3 million overdue at September 30, 1984, was 90 days or more overdue—about $44.4 million. As of September 30, 1985, the amount overdue 90 days or more increased to $319.8 million. According to a Department of State official, Egypt requested relief of its debt but was denied because U.S. policy requires that an IMF arrangement be reached and that relief be provided through multilateral

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rescheduling. State said Egypt has been hesitant to seek rescheduling or an IMF arrangement because the IMF-required austerity measures create domestic political difficulties. State said that Egypt continues, however, to consider the possibility of an IMF program. To forestall an assistance cutoff, other measures would be necessary, such as seeking congressional approval to forgive the payments, if an IMF program were lacking and overdue amounts exceeded one year.

The fiscal year 1986 budget requests $1.3 billion in forgiven FMS loans, an increase of $125 million over fiscal year 1985. Additionally, of fiscal year 1986 ESF cash assistance for Egypt, about $100 million of the $815 million ESF assistance will be a cash transfer to assist Egypt with its balance of payments. Although this cash transfer is only about 18 percent of the scheduled loan repayments for fiscal year 1986, the payment will indirectly assist Egypt in making the repayments because it frees resources for use elsewhere.

Turkey

Turkey, the third largest debtor, owes about $6.3 billion in FMS loans (principal and interest) as of September 30, 1984. In the past, Turkey has had difficulty meeting its debt obligations. Turkey's repayment status improved in fiscal year 1984 and the first quarter of fiscal year 1985.

Turkey has had more of its direct and guaranteed loan repayments rescheduled than any other foreign government. During the period 1978 through 1983, Turkey had $568.7 million rescheduled—71 percent of the total $799.2 million in direct and guaranteed loans rescheduled. Beginning in fiscal year 1984, however, Turkey has made scheduled repayments on time, including an additional $27.7 million of the rescheduled amount outstanding. Turkey's rescheduled balance outstanding at September 30, 1984, was $452.1 million, of which $359.4 million applied to guaranteed loans.

The fiscal year 1986 budget justification states Turkey has improved its balance of payments situation by implementing a stringent economic stabilization program in coordination with IMF, World Bank, and other assistance donors. For fiscal year 1985, about one half of the $485 million in FMS loans is at a concessional interest rate. Turkey received an increase in military aid grants and will continue to receive ESF assistance. For fiscal year 1986, the budget contains a similar request, with almost two thirds of the loans at a concessional interest rate, an increase in MAP grants, and over one half of ESF assistance in grants.

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None of the ESF is in the form of cash assistance, as is the case with Israel and to a lesser extent Egypt. This ESF assistance does, however, help Turkey to stabilize its substantial external debt service burden and maintain a level of economic activity consistent with domestic stability, while austerity measures designed to promote stable economic growth take hold. Unlike Israel, however, Turkey receives ESF grants proportionately smaller than its scheduled annual repayments— for example, $90 million in ESF assistance grants for fiscal year 1985 compared with $345.5 million in scheduled repayments.

Conclusions

The use of guaranteed loans, with high interest rates, was in some cases excessive in relation to the recipients' ability to service this debt. Beginning with the fiscal year 1985 military aid programs, the amount and proportion of concessional military aid to total military aid have increased. With regard to small, poorer countries, the trend on providing only military assistance program grants continued due to their inability to repay FMS loans made in prior years.

The most profound change in the fiscal year 1985 military aid programs occurred in the FMS financing program, which became increasingly concessional with two-thirds of the program comprising loans with forgiven repayment terms or at concessional interest rates. The amount of forgiven loans to Egypt and Israel has doubled from the previous year, and loans to other recipient countries are being offered at concessional interest rates. These types of assistance will be necessary for the foreseeable future, both to meet foreign governments' new defense needs as well as to assist countries in repaying their FMS loans taken out in prior years. As this trend continues, the United States is faced with a rise in actual costs to provide assistance to various countries and at, the same time, the need to reduce federal expenditures and, in turn, the budget deficit.

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Foreign Military Aid Loans and Grants (FY 1950-84)

Dollars in thousands

	FMS loans			
	DOD direct	DOD guaranteed	Payment waived	Total loans
Worldwide	**$3,490,419**	**$27,826,621**	**$8,240,000**	**$39,557,040**
East Asia and Pacific	**451,588**	**3,506,800**	•	**3,958,388**
Australia	115,586	•	•	115,586
Burma	•	•	•	•
Fiji	•	•	•	•
Indochina	•	•	•	•
Indonesia	3,500	293,200	•	296,700
Japan	34,772	•	•	34,772
Kampuchea	•	•	•	•
Korea (Seoul)	61,700	1,894,183	•	1,955,883
Laos	•	•	•	•
Malaysia	38,071	138,838	•	176,910
New Zealand	1,492	•	•	1,492
Papua New Guinea	•	•	•	•
Philippines	•	344,100	•	344,100
Singapore	•	17,221	•	17,221
Solomon Islands	•	•	•	•
Taiwan	187,866	359,860	•	547,726
Thailand	•	467,999	•	467,999
Tonga	•	•	•	•
Vietnam	•	•	•	•
Near East and South Asia	**2,082,649**	**16,981,522**	**8,190,000**	**27,254,171**
Afghanistan	•	•	•	•
Bangladesh	•	•	•	•
Egypt	•	4,550,000	1,090,000	5,640,000
India	$ 27,310	$ •	$ •	$ 27,310
Iran	175,705	320,701	•	496,407
Iraq	•	•	•	•
Israel	1,667,103	9,537,142	7,100,000	18,304,244
Jordan	55,703	650,637	•	706,340
Lebanon	9,168	234,500	•	243,668
Libya	•	•	•	•
Maldives	•	•	•	•
Morocco	68,830	367,750	•	436,580
Nepal	•	•	•	•
Oman	•	150,000	•	150,000
Pakistan	5,786	561,847	•	567,633

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Grants			
MAP	IMET	Total grants	Total
$55,719,129	**$2,146,344**	**$57,865,473**	**$97,422,513**
29,021,723	**842,388**	**29,864,111**	**33,822,499**
•	•	•	115,586
72,134	4,758	76,892	76,892
•	145	145	145
708,977	598	709,575	709,575
192,900	38,350	231,250	527,950
810,276	44,589	854,865	889,637
1,177,163	14,603	1,191,766	1,191,766
5,471,947	163,194	5,635,141	7,591,024
1,460,076	42,814	1,502,890	1,502,890
•	6,325	6,325	183,235
•	•	•	1,492
•	95	95	95
607,201	39,433	646,634	990,734
•	157	157	17,378
•	26	26	26
2,554,647	103,156	2,657,803	3,205,529
1,192,551	81,974	1,274,525	1,742,524
•	30	30	30
14,773,851	302,142	15,075,993	15,075,993
2,260,122	**194,109**	**2,454,231**	**29,708,402**
2	5,616	5,618	5,618
•	1,389	1,389	1,389
•	7,753	7,753	5,647,753
$ 90,256	$ 6,941	$ 97,197	$ 124,507
766,733	67,442	834,175	1,330,582
45,208	1,487	46,695	46,695
•	•	•	18,304,244
490,066	16,023	506,089	1,212,429
13,585	5,993	19,578	263,246
12,624	2,795	15,419	15,419
•	45	45	45
84,600	20,156	104,756	541,336
1,678	839	2,517	2,517
•	307	307	150,307
650,281	26,684	676,965	1,244,598

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Dollars in thousands

	FMS loans			
	DOD direct	DOD guaranteed	Payment waived	Total loans
Saudi Arabia	$65,222	$188,945	$ •	$254,167
Sri Lanka	308	2,000	•	2,308
Syria	•	•	•	•
Tunisia	7,514	404,000	•	411,514
Yemen (Sanaa)	•	14,000	•	14,000
Europe and Canada	**388,549**	**6,079,000**	•	**6,467,549**
Austria	15,713	•	•	15,713
Belgium	7,793	•	•	7,793
Denmark	•	•	•	•
Finland	•	•	•	•
France	80,392	•	•	80,392
Germany (Bonn)	•	•	•	•
Greece	158,500	2,075,600	•	2,234,100
Iceland	•	•	•	•
Italy	292	•	•	292
Luxembourg	•	•	•	•
Netherlands	2,200	•	•	2,200
Norway	•	•	•	•
Portugal	•	142,500	•	142,500
Spain	2,300	1,525,000	•	1,527,300
Turkey	119,971	2,335,900	•	2,455,871
United Kingdom	•	•	•	•
Yugoslavia	1,388	•	•	1,388
Africa	**134,734**	**454,056**	**50,000**	**638,791**
Benin	•	•	•	•
Botswana	•	13,000	•	13,000
Burkina	•	•	•	•
Burundi	•	•	•	•
Cameroon	•	21,400	•	21,400
Cape Verde	•	•	•	•
Central African Republic	•	•	•	•
Chad	•	•	•	•
Congo	•	•	•	•
Djibouti	•	•	•	•
Equatorial Guinea	•	•	•	•
Ethiopia	36,000	•	•	36,000

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Grants			
MAP	IMET	Total grants	Total
$23,868	$12,456	$36,324	$290,491
3,167	696	3,863	6,171
•	56	56	56
72,054	11,032	83,086	494,600
6,000	6,401	12,401	26,401
19,245,330	**590,774**	**19,836,104**	**26,303,653**
96,310	1,611	97,921	113,634
1,203,784	33,889	1,237,673	1,245,466
587,274	30,451	617,725	617,725
•	433	433	433
4,045,066	107,987	4,153,053	4,233,445
884,774	16,173	900,947	900,947
1,674,660	52,494	1,727,154	3,961,254
•	82	82	82
2,243,742	46,566	2,290,308	2,290,600
7,753	494	8,247	8,247
1,178,056	39,100	1,217,156	1,219,356
862,177	31,652	893,829	893,829
630,913	29,285	660,198	802,698
692,039	50,880	742,919	2,270,219
3,436,359	123,386	3,559,745	6,015,616
1,012,855	21,624	1,034,479	1,034,479
689,570	4,667	694,237	695,625
473,896	**71,338**	**545,234**	**1,184,025**
55	27	82	82
2,000	616	2,616	15,616
57	536	593	593
•	205	205	205
239	345	584	21,984
•	55	55	55
•	171	171	171
23,848	308	24,156	24,156
•	83	83	83
3,475	312	3,787	3,787
•	140	140	140
183,006	22,701	205,707	241,707

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Dollars in thousands

	FMS loans			
	DOD direct	DOD guaranteed	Payment waived	Total loans
Gabon	$2,000	$13,200	$ •	$15,200
Ghana	•	•	•	•
Guinea	•	•	•	•
Guinea-Bissau	•	•	•	•
Ivory Coast	•	•	•	•
Kenya	•	155,000	•	155,000
Liberia	4,851	24,070	•	28,921
Madagascar	•	•	•	•
Malawi	•	•	•	•
Mali	48	•	•	48
Mauritania	•	•	•	•
Niger	•	5,500	•	5,500
Nigeria	335	•	•	335
Rwanda	•	1,500	•	1,500
Senegal	•	8,000	•	8,000
Sierra Leone	•	•	•	•
Somalia	•	60,000	•	60,000
Sudan	•	111,327	50,000	161,327
Swaziland	•	•	•	•
Togo	•	•	•	•
Uganda	•	•	•	•
Zaire	91,500	41,059	•	132,559
Zimbabwe	•	•	•	•
American Republics	**409,789**	**805,243**	•	**1,215,032**
Antigua (UK)	•	•	•	•
Argentina	63,240	112,639	•	175,879
Barbados	•	•	•	•
Belize (UK)	•	•	•	•
Bolivia	8,000	15,000	•	23,000
Brazil	111,303	153,315	•	264,617
Chile	58,490	4,034	•	62,524
Colombia	22,223	117,600	•	139,823
Costa Rica	•	5,000	•	5,000
Cuba	•	•	•	•
Dominica	•	•	•	•
Dominican Republic	500	20,198	•	20,698
Eastern Caribbean	•	•	•	•
Ecuador	638	56,498	•	57,136

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Grants				
MAP	IMET	Total grants	Total
$ •	$383	$383	$15,583
•	2,277	2,277	2,277
2,310	237	2,547	2,547
•	40	40	40
54	405	459	459
30,500	7,151	37,651	192,651
29,281	6,746	36,027	64,948
•	67	67	67
•	440	440	440
1,865	1,634	3,499	3,547
•	191	191	191
3,052	1,036	4,088	9,588
•	1,507	1,507	1,842
•	156	156	1,656
4,646	1,913	6,559	14,559
•	92	92	92
62,000	2,317	64,317	124,317
89,700	6,092	95,792	257,119
•	51	51	51
•	204	204	204
•	212	212	212
37,808	12,360	50,168	182,727
•	327	327	327
1,114,306	**225,174**	**1,339,480**	**2,554,512**
•	48	48	48
34,020	12,796	46,816	222,695
•	271	271	271
500	135	635	635
32,567	14,343	46,910	69,910
207,163	16,353	223,516	488,133
80,468	16,847	97,315	159,839
83,162	17,600	100,762	240,585
14,430	1,235	15,665	20,665
8,552	2,023	10,575	10,575
•	71	71	71
25,701	12,793	38,494	59,192
10,100	•	10,100	10,100
31,994	14,803	46,797	103,933

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Dollars in thousands

	FMS loans			
	DOD direct	DOD guaranteed	Payment waived	Total loans
El Salvador	$3,373	$97,200	$ •	$100,573
Grenada	•	•	•	•
Guatemala	9,327	1,391	•	10,719
Guyana	•	•	•	•
Haiti	•	2,100	•	2,100
Honduras	3,000	49,430	•	52,430
Jamaica	•	2,587	•	2,587
Mexico	4,298	•	•	4,298
Nicaragua	•	8,000	•	8,000
Panama	•	18,500	•	18,500
Paraguay	318	389	•	707
Peru	20,978	102,562	•	123,540
St. Christ-Nevis (UK)	•	•	•	•
St. Lucia	•	•	•	•
St. Vincent	•	•	•	•
Suriname	•	•	•	•
Uruguay	8,349	10,000	•	18,349
Venezuela	95,751	28,800	•	124,551
International organizations	**23,110**	•	•	**23,110**
Gen. and reg. costs	•	•	•	•

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Grants			
MAP	IMET	Total grants	Total
$292,611	$21,620	$314,231	$414,804
•	63	63	63
16,247	7,502	23,749	34,468
•	39	39	39
2,727	2,816	5,543	7,643
120,616	12,407	133,023	185,453
8,303	519	8,822	11,409
7	3,183	3,190	7,488
7,668	11,583	19,251	27,251
12,392	6,680	19,072	37,572
9,324	6,802	16,126	16,833
40,770	21,649	62,419	185,959
•	30	30	30
•	69	69	69
•	75	75	75
•	65	65	65
40,770	6,764	47,534	65,863
33	13,992	14,025	138,576
1,601,449	**278**	**1,601,727**	**1,624,837**
2,002,303	**222,282**	**2,224,585**	**2,224,585**

Note: As of September 30, 1984. Totals may not add due to rounding. The data on this chart were obtained from DOD records.

BEST COPY AVAILABLE

Foreign Military Sales Financing Program

Dollars in thousands

	FY 1982	FY 1983	FY 1984	FY 1950-FY 1984	FY 1985 Estimate)
Worldwide	**$3,883,500**	**$5,106,500**	**$5,716,250**	**$39,557,040**	**$4,939,500**
Payment waived	800,000	1,175,000	1,315,000	8,240,000	2,575,000
DOD direct	•	•	•	3,490,419	2,364,500
DOD guaranty	3,083,500	3,931,500	4,401,250	27,826,621	•
East Asia and Pacific	340,700	340,000	429,000	3,958,388	366,500
DOD direct	•	•	•	451,588	366,500
DOD guaranty	340,700	340,000	429,000	3,506,800	•
Australia	•	•	•	115,586	•
DOD direct	•	•	•	115,586	•
Indonesia	40,000	25,000	45,000	296,700	32,500[a]
DOD direct	•	•	•	3,500	32,500
DOD guaranty	40,000	25,000	45,000	293,200	•
Japan	•	•	•	34,722	•
DOD direct	•	•	•	34,722	•
Korea (Seoul)	166,000	185,000	230,000	1,955,883	220,000
DOD direct	•	•	•	61,700	220,000
DOD guaranty	166,000	185,000	230,000	1,894,183	•
Malaysia	10,000	4,000	10,000	176,910	4,000
DOD direct	•	•	•	38,071	4,000
DOD guaranty	10,000	4,000	10,000	138,838	•
New Zealand	•	•	•	1,492	•
DOD direct	•	•	•	1,492	•
Philippines	50,000	50,000	50,000	344,100	15,000[a]
DOD direct	•	•	•	8,600	15,000
DOD guaranty	50,000	50,000	50,000	335,500	•
Singapore	•	•	•	17,221	•
DOD guaranty	•	•	•	17,221	•
Taiwan	•	•	•	547,726	•
DOD direct	•	•	•	187,866	•
DOD guaranty	•	•	•	359,860	
Thailand	74,000	76,000	94,000	467,999	95,000[a]
DOD direct	•	•	•	•	95,000
DOD guaranty	74,700	76,000	94,000	467,999	•

BEST COPY AVAILABLE

Dollars in thousands

	FY 1982	FY 1983	FY 1984	FY 1950-FY 1984	FY 1985 Estimate)
Near East and South Asia	$2,531,900	$3,632,900	$3,665,750	$27,254,171	$3,088,000
Payment waived	750,000	1,175,000	1,315,000	8,190,000	2,575,000
DOD direct	•	•	•	2,082,649	513,000
DOD guaranty	1,781,900	2,457,500	2,350,750	16,981,522	•
Egypt	900,000	1,325,000	1,365,000	5,640,000	1,175,000
Payment waived	200,000	425,000	465,000	1,090,000	1,175,000
DOD guaranty	700,000	900,000	900,000	4,550,000	•
India	•	•	•	27,310	•
DOD direct	•	•	•	27,310	•
Iran	•	•	•	496,407	•
DOD direct	•	•	•	175,705	•
DOD guaranty	•	•	•	320,701	•
Israel	1,400,000	1,700,000	1,700,000	18,304,244	1,400,000
Payment waived	550,000	750,000	850,000	7,100,000	1,400,000
DOD direct	•	•	•	1,667,103	•
DOD guaranty	850,000	950,000	850,000	9,537,142	•
Jordan	54,900	51,500	115,000	706,340	90,000[a]
DOD direct	•	•	•	55,703	90,000
DOD guaranty	54,900	51,500	115,000	650,637	•
Lebanon	10,000	100,000	15,000	243,500	5,000
DOD direct	•	•	•	9,168	5,000
DOD guaranty	10,000	100,000	15,000	234,500	•
Morocco	30,000	75,000	38,750	436,580	3,000[a]
DOD direct	•	•	•	68,830	3,000
DOD guaranty	30,000	75,000	38,750	367,750	•
Oman	30,000	30,000	40,000	150,000	40,000
DOD direct	•	•	•	•	40,000
DOD guaranty	30,000	30,000	40,000	150,000	•
Pakistan	•	260,000	300,000	567,633	325,000
DOD direct	•	•	•	5,786	325,000
DOD guaranty	•	260,000	300,000	561,847	•
Saudi Arabia	•	•	•	254,167	•
DOD direct	•	•	•	65,222	•
DOD guaranty	•	•	•	188,945	•
Sri Lanka	2,000	•	•	2,308	•
DOD direct	•	•	•	308	•
DOD guaranty	2,000	•	•	2,000	•

BEST COPY AVAILABLE

Dollars in thousands

	FY 1982	FY 1983	FY 1984	FY 1950-FY 1984	FY 1985 Estimate)
Tunisia	$95,000	$87,000	$92,000	$411,514	$50,000[a]
DOD direct	•	•	•	7,514	50,000
DOD guaranty	95,000	87,000	92,000	404,000	•
Yemen (Sanaa)	10,000	4,000	•	14,000	•
DOD guaranty	10,000	4,000	•	14,000	•
Europe and Canada	793,000	1,022,500	1,530,000	6,467,549	1,440,000
DOD direct	•	•	•	388,549	1,440,000
DOD guaranty	793,000	1,022,500	1,530,000	6,079,000	•
Austria	•	•	•	15,713	•
DOD direct	•	•	•	15,713	•
Belgium	•	•	•	7,793	•
DOD direct	•	•	•	7,793	•
France	•	•	•	80,392	•
DOD direct	•	•	•	80,392	•
Greece	280,000	280,000	500,000	2,234,100	500,000[a]
DOD direct	•	•	•	158,500	500,000
DOD guaranty	280,000	280,000	500,000	2,075,600	•
Italy	•	•	•	292	•
DOD direct	•	•	•	292	•
Netherlands	•	•	•	2,200	•
DOD direct	•	•	•	2,200	•
Portugal	45,000	52,500	45,000	142,500	55,000
DOD direct	•	•	•	•	55,000
DOD guaranty	45,000	52,500	45,000	142,500	•
Spain	125,000	400,000	400,000	1,527,300	400,000
DOD direct	•	•	•	2,300	400,000
DOD guaranty	125,000	400,000	400,000	1,525,000	•
Turkey	343,000	290,000	585,000	2,455,871	485,000[a]
DOD direct	•	•	•	119,971	485,000
DOD guaranty	343,000	290,000	585,000	2,335,900	•
Yugoslavia	•	•	•	1,388	•
DOD direct	•	•	•	1,388	•
Africa	153,100	37,700	25,000	638,791	10,000
Payment waived	50,000	•	•	50,000	•
DOD direct	•	•	•	134,734	10,000
DOD guaranty	103,100	37,700	25,000	454,056	•

BEST COPY AVAILABLE

Dollars in thousands

	FY 1982	FY 1983	FY 1984	FY 1950-FY 1984	FY 1985 Estimate)
Botswana	$500	$5,000	$7,000	$13,000	$5,000[a]
DOD direct	•	•	•	•	5,000
DOD guaranty	500	5,000	7,000	13,000	•
Cameroon	1,500	2,500	5,000	21,400	5,000[a]
DOD direct	•	•	•	•	5,000
DOD guaranty	1,500	2,500	5,000	21,400	•
Ethiopia	•	•	•	36,000	•
DOD direct	•	•	•	36,000	•
Gabon	2,600	1,000	3,000	15,200	•
DOD direct	•	•	•	2,000	•
DOD guaranty	2,600	1,000	3,000	13,200	•
Kenya	22,000	10,000	10,000	155,000	•
DOD guaranty	22,000	10,000	10,000	155,000	•
Liberia	7,000	6,000	•	28,921	•
DOD direct	•	•	•	4,851	•
DOD guaranty	7,000	6,000	•	24,070	•
Mali	•	•	•	48	•
DOD direct	•	•	•	48	•
Niger	2,000	1,200	•	5,500	•
DOD guaranty	2,000	1,200	•	5,500	•
Nigeria	•	•	•	335	•
DOD direct	•	•	•	335	•
Rwanda	•	•	•	1,500	•
DOD guaranty	•	•	•	1,500	•
Senegal	•	•	•	8,000	•
DOD guaranty	•	•	•	8,000	•
Somalia	10,000	10,000	•	60,000	•
DOD guaranty	10,000	10,000	•	60,000	•
Sudan	100,000	•	•	161,327	•
Payment waived	50,000	•	•	50,000	•
DOD guaranty	50,000	•	•	111,327	•
Zaire	7,500	2,000	•	132,559	•
DOD direct	•	•	•	91,500	•
DOD guaranty	7,500	2,000	•	41,059	•
American Republics	64,800	73,800	66,500	1,215,032	35,000
DOD direct	•	•	•	409,789	35,000
DOD guaranty	64,800	73,800	66,500	805,243	•

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Dollars in thousands	FY 1982	FY 1983	FY 1984	FY 1950-FY 1984	FY 1985 Estimate)
	$ •	$ •	$ •	$175,879	$ •
Argentina	•	•	•	63,240	•
DOD direct	•	•	•	112,639	•
DOD guaranty	•	•	•	23,000	•
Bolivia	•	•	•	8,000	•
DOD direct	•	•	•	15,000	•
DOD guaranty	•	•	•	264,617	•
Brazil	•	•	•	111,303	•
DOD direct	•	•	•	153,315	•
DOD guaranty	•	•	•	62,524	•
Chile	•	•	•	58,490	•
DOD direct	•	•	•	4,034	•
DOD guaranty	10,000	•	24,500	139,823	8,000[a]
Colombia	•	•	•	22,223	8,000
DOD direct	10,000	•	24,500	117,600	•
DOD guaranty	•	•	•	5,000	•
Costa Rica	•	•	•	5,000	•
DOD guaranty	4,000	5,000	2,500	20,698	•
Dominican Republic	•	•	•	500	•
DOD direct	4,000	5,000	2,500	20,198	•
DOD guaranty	4,500	4,000	6,000	57,136	4,000[a]
Ecuador	•	•	•	638	4,000
DOD direct	4,500	4,000	6,000	56,498	•
DOD guaranty	16,500	46,500	18,500	100,573	15,000[a]
El Salvador	•	•	•	3,373	15,000
DOD direct	16,500	46,500	18,500	97,200	•
DOD guaranty	•	•	•	10,719	•
Guatemala	•	•	•	9,327	•
DOD direct	•	•	•	1,391	•
DOD guaranty	300	300	•	2,100	•
Haiti	300	300	•	2,100	•
DOD guaranty	19,000	9,000	•	52,430	•
Honduras	•	•	•	3,000	•
DOD direct	19,000	9,000	•	49,430	•
DOD guaranty	1,000	•	•	2,587	•
Jamaica	1,000	•	•	2,587	•
DOD guaranty					

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Dollars in thousands

	FY 1982	FY 1983	FY 1984	FY 1950-FY 1984	FY 1985 Estimate)
Mexico	$ •	$ •	$ •	$4,298	$ •
DOD direct	•	•	•	4,298	•
Nicaragua	•	•	•	8,000	•
DOD guaranty	•	•	•	8,000	•
Panama	5,000	5,000	5,000	18,500	•
DOD guaranty	5,000	5,000	5,000	18,500	•
Paraguay	•	•	•	707	•
DOD direct	•	•	•	318	•
DOD guaranty	•	•	•	389	•
Peru	4,500	4,000	10,000	123,540	8,000[a]
DOD direct	•	•	•	20,978	8,000
DOD guaranty	4,500	4,000	10,000	102,562	•
Uruguay	•	•	•	18,349	•
DOD direct	•	•	•	8,349	•
DOD guaranty	•	•	•	10,000	•
Venezuela	•	•	•	124,551	•
DOD direct	•	•	•	95,751	•
DOD guaranty	•	•	•	28,800	•
International organizations	•	•	•	23,110	•
DOD direct	•	•	•	23,110	•

[a]Includes direct loans at concessional interest rates. Of the 4.9 billion allocated, 697.5 million is at concessional rates. The remaining 4.2 billion consists of 2.575 billion in forgiven direct loans to Egypt and Israel and 1.7 billion at market rates.

Note: As of September 30, 1984. Totals may not add due to rounding. The data on this chart were obtained from DOD records.

BEST COPY AVAILABLE

Military Assistance Program Grants

Dollars in thousands

	FY 1982	FY 1983	FY 1984	FY 1950-FY 1984	FY 1985 (Estimate)
Worldwide	**$400,842**	**$436,138**	**$698,994**	**$55,719,129**	**$805,100**
East Asia and Pacific	135,661	15,554	5,343	29,021,723	30,300
Burma	•	•	•	72,134	•
Indochina	•	•	•	708,977	•
Fiji	•	•	•	•	300
Indonesia	192	27	6	192,900	•
Japan	•	•	•	810,276	•
Kampuchea	•	•	•	1,177,163	•
Korea (Seoul)	130,086	12	32	5,471,947	•
Laos	•	•	•	1,460,076	•
Philippines	751	628	293	607,201	25,000
Taiwan	•	•	•	2,554,647	•
Thailand	4,633	14,888	5,012	1,192,551	5,000
Vietnam	•	•	•	14,773,851	•
Near East and South Asia	1,091	39,799	52,091	2,260,122	60,000
Afghanistan	•	•	•	2	•
India	•	•	•	90,256	•
Iran	•	•	•	766,733	•
Iraq	•	•	•	45,208	•
Jordan	90	49	91	490,066	•
Lebanon	•	•	•	13,585	•
Libya	•	•	•	12,624	•
Morocco	•	25,000	30,000	84,600	40,000
Nepal	•	•	•	1,678	•
Pakistan	1	•	•	650,281	•
Saudi Arabia	•	•	•	23,868	•
Sri Lanka	•	•	•	3,167	•
Tunisia	•	13,750	18,000	72,054	15,000
Yemen (Sanaa)	1,000	1,000	4,000	6,000	5,000
Europe and Canada	89,373	173,931	190,370	19,245,330	285,000
Austria	•	•	•	96,310	•
Belgium	•	•	•	1,203,784	•
Denmark	•	•	•	587,274	•
France	•	•	•	4,045,066	•
Germany (Bonn)	•	•	•	884,774	•

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Dollars in thousands

	FY 1982	FY 1983	FY 1984	FY 1950-FY 1984	FY 1985 Estimate)
Greece	$1,455	$74	$27	$1,674,660	$ •
Italy	•	•	•	2,243,742	•
Luxembourg	•	•	•	7,753	•
Netherlands	•	•	•	1,178,056	•
Norway	•	•	•	862,177	•
Portugal	30,058	62,989	60,211	630,913	70,000
Spain	543	331	64	692,039	•
Turkey	57,318	110,536	130,068	3,436,359	215,000
United Kingdom	•	•	•	1,012,855	•
Yugoslavia	•	•	•	689,570	•
Africa	33,027	101,214	180,110	473,896	148,550
Benin	•	•	•	55	•
Burkina	•	•	•	57	•
Botswana	•	•	2,000	2,000	4,000
Cameroon	•	•	•	239	•
Chad	•	21,738	2,110	23,848	5,000
Djibouti	•	1,475	2,000	3,475	2,500
Ethiopia	•	•	•	183,006	•
Guinea	•	•	1,500	2,310	3,000
Ivory Coast	•	•	•	54	•
Kenya	10,000	8,500	12,000	30,500	20,000
Liberia	5,000	6,000	12,000	29,281	12,000
Madagascar	•	•	•	•	2,050
Malawi	•	•	•	•	1,000
Mali	•	•	•	1,865	•
Mozambique	•	•	•	•	1,000
Niger	•	1,000	2,000	3,052	5,000
Senegal	•	•	2,000	4,646	3,000
Somalia	15,000	15,000	32,000	62,000	33,000
Sudan	22	43,001	45,000	89,700	45,000
West African Coastal	•	•	•	•	5,000
Zaire	3,005	4,500	7,000	37,808	7,000
American Republics	69,935	67,850	285,200	1,114,306	230,550
Argentina	•	•	•	34,020	•
Belize (UK)	•	•	500	500	500
Bolivia	•	•	•	32,567	3,000
Brazil	•	•	•	207,163	•

BEST COPY AVAILABLE

Dollars in thousands

	FY 1982	FY 1983	FY 1984	FY 1950-FY 1984	FY 1985 Estimate)
Chile	$ •	$ •	$ •	$80,468	$ •
Colombia	1	•	•	83,162	•
Costa Rica	2,000	2,500	9,000	14,430	9,000
Cuba	•	•	•	8,552	•
Dominican Republic	1,000	•	3,150	25,701	5,000
Eastern Caribbean	1,000	2,100	7,000	10,100	5,000
Ecuador	•	•	•	31,994	•
El Salvador	53,932	33,500	176,750	292,611	111,750
Guatemala	•	•	•	16,247	•
Haiti	•	•	300	2,727	•
Honduras	11,000	27,500	76,500	120,616	61,300
Jamaica	1,000	2,250	4,000	8,303	5,000
Mexico	•	•	•	7	•
Nicaragua	•	•	•	7,668	•
Panama	1	•	8,000	12,392	10,000
Paraguay	1	•	•	9,324	•
Peru	•	•	•	74,952	•
Uruguay	•	•	•	40,770	•
Venezuela	•	•	•	33	•
Regional Military Training Center (RMTC)	•	•	•	•	20,000
International organizations	•	•	•	**1,601,449**	•
General and regional costs	**71,754**	**37,791**	**46,380**	**2,002,303**	**50,700**

[a]Less than $500

Note: As of September 30, 1984. Totals may not add due to rounding. The data on this chart were obtained from DOD records.

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International Military Education and Training Program

Dollars in thousands

	FY 1982	FY 1983	FY 1984	FY 1950-FY 1984	FY 1985 (Estimate)
Worldwide	**$43,885**	**$48,666**	**$54,280**	**$2,146,344**	**$56,221**
East Asia and Pacific	6,945	8,076	9,087	842,388	9,905
Burma	151	175	119	4,758	275
Fiji	•	61	84	145	100
Indochina	•	•	•	598	•
Indonesia	2,144	2,333	2,345	38,350	2,300
Japan	•	•	•	44,589	•
Kampuchea	•	•	•	14,603	•
Korea (Seoul)	1,545	1,677	1,784	163,194	1,900
Laos	•	•	•	42,814	•
Malaysia	491	650	881	6,325	950
Papua New Guinea	17	21	41	95	50
Philippines	1,129	1,370	1,498	39,433	1,900
Singapore	47	47	55	157	50
Solomon Islands	•	•	26	26	30
Taiwan	•	•	•	103,156	•
Thailand	1,420	1,743	2,226	81,974	2,300
Tonga	•	•	30	30	50
Vietnam	•	•	•	302,142	•
Near East and South Asia	9,070	9,857	9,789	194,109	10,800
Afghanistan	•	•	•	5,616	•
Algeria	•	•	•	•	50
Bangladesh	161	209	268	1,389	275
Egypt	2,137	1,835	1,651	7,753	2,000
India	82	142	125	6,941	300
Iran	•	•	•	67,442	•
Iraq	•	•	•	1,487	•
Jordan	1,977	1,257	1,728	16,023	1,750
Lebanon	544	1,585	616	5,993	800
Libya	•	•	•	2,795	•
Maldives	•	22	23	45	25
Morocco	1,095	1,339	1,569	20,156	1,550
Nepal	87	75	116	839	100
Oman	79	84	131	307	150
Pakistan	573	781	784	26,684	900

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Dollars in thousands

	FY 1982	FY 1983	FY 1984	FY 1950-FY 1984	FY 1985 Estimate)
Saudi Arabia	$ •	$ •	$ •	$12,456	$ •
Sri Lanka	102	105	143	696	150
Syria	•	•	•	56	•
Tunisia	1,191	1,218	1,603	11,032	1,550
Yemen (Sanaa)	1,041	1,205	1,031	6,401	1,200
Europe and Canada	8,849	8,628	10,864	590,774	9,765
Austria	38	47	58	1,611	60
Belgium	•	•	•	33,889	•
Denmark	•	•	•	30,451	•
Finland	41	45	36	433	50
France	•	•	•	107,987	•
Germany (Bonn)	•	•	•	16,173	•
Greece	1,237	1,271	1,406	52,494	1,400
Iceland	8	12	22	82	25
Italy	•	•	•	46,566	•
Luxembourg	•	•	•	494	•
Netherlands	•	•	•	39,100	•
Norway	•	•	•	31,652	•
Portugal	2,285	2,046	3,013	29,285	2,500
Spain	2,016	2,433	2,982	50,880	2,500
Turkey	3,072	2,674	3,279	123,386	3,100
United Kingdom	•	•	•	21,624	•
Yugoslavia	152	99	69	4,667	130
Africa	5,092	6,873	8,819	71,338	11,001
Benin	•	•	•	27	50
Botswana	95	199	229	616	300
Burkina	82	115	39	536	50
Burundi	32	39	134	205	150
Cameroon	39	87	114	345	150
Cape Verde	•	8	47	55	60
Central African Rep	23	49	99	171	100
Chad	•	71	236	308	200
Congo	30	47	6	83	50
Djibouti	57	115	140	312	100
Equatorial Guinea	28	57	54	140	60

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Dollars in thousands

	FY 1982	FY 1983	FY 1984	FY 1950-FY 1984	FY 1985 Estimate)
Ethiopia	$ •	$ •	$ •	$22,701	$ •
Gabon	60	110	113	383	130
Gambia	•	•	•	•	60
Ghana	295	270	243	2,277	300
Guinea	•	48	100	237	100
Guinea-Bissau	11	16	13	40	50
Ivory Coast	36	49	178	405	110
Kenya	911	1,345	1,617	7,151	1,700
Liberia	594	691	764	6,746	1,100
Madagascar	•	17	50	67	50
Malawi	67	149	186	440	200
Mali	99	131	147	1,634	150
Mauritania	29	57	79	191	50
Mozambique	•	•	•	•	150
Niger	327	260	228	1,036	200
Nigeria	•	•	•	1,507	50
Rwanda	5	64	3	156	60
Senegal	313	309	466	1,913	511
Seychelles	•	•	•	•	50
Sierra Leone	22	31	40	92	60
Somalia	446	523	992	2,317	1,150
Sudan	1,139	1,236	1,459	6,092	1,550
Swaziland	•	•	51	51	50
Togo	36	49	33	204	75
Uganda	55	70	61	212	200
Zaire	202	544	747	12,360	1,400
Zimbabwe	60	117	150	327	225
American Republics	9,184	9,765	10,281	225,174	14,255
Antigua (UK)	•	18	30	48	•
Argentina	•	•	•	12,796	•
Bahamas	•	•	•	•	50
Barbados	56	61	71	271	•
Belize (UK)	20	66	50	135	75
Bolivia	•	•	122	14,343	300
Brazil	•	•	•	16,353	•
Chile	•	•	•	16,847	•
Colombia	422	677	762	17,600	875
Costa Rica	46	122	135	1,235	200

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Dollars in thousands

	FY 1982	FY 1983	FY 1984	FY 1950-FY 1984	FY 1985 Estimate)
Cuba	$ •	$ •	$ •	$2,023	$ •
Dominica	4	12	43	71	•
Dominican Republic	430	587	683	12,793	725
Eastern Caribbean	•	•	•	•	370
Ecuador	477	546	694	14,803	700
El Salvador	5,250	5,020	4,071	21,620	1,500
Grenada	•	•	63	63	•
Guatemala	•	•	•	7,502	300
Guyana	14	25	•	39	•
Haiti	212	379	725	2,816	450
Honduras	1,223	795	938	12,407	1,100
Jamaica	73	181	203	519	250
Mexico	82	66	160	3,183	200
Nicaragua	•	•	•	11,583	•
Panama	359	468	498	6,680	600
Paraguay	8	55	75	6,802	50
Peru	453	536	696	21,649	800
St. Christ-Nevis	•	•	30	30	•
St. Lucia	8	14	42	69	•
St. Vincent + Gren.	1	31	43	75	•
Suriname	19	•	•	65	50
Trinidad - Tobago	•	•	•	•	50
Uruguay	5	59	98	6,764	60
Venezuela	23	47	48	13,992	50
Panama Canal area military schools	•	•	•	•	5,500
International organizations	•	•	•	**278**	•
Gen. and reg. costs	**4,744**	**5,467**	**5,440**	**222,282**	**495**

Note: As of September 30, 1984. Totals may not add due to rounding. The data on this chart were obtained from DOD records.

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Projected Debt (Principal and Interest) Under Available Direct and Guaranteed Credits Through September 30, 1985[a]

Dollars in thousands

Country	Debt outstanding	
	Guaranteed	Total
Bolivia	$ 10,801	**$ 10,801**
Botswana	17,052	**17,052**
Brazil	•	**4,383**
Cameroon	14,046	**14,046**
China (Taipei)	12,002	**12,002**
Colombia	51,998	**51,998**
Dominican Republic	27,568	**27,568**
Ecuador	32,388	**42,005**
Egypt	14,336,553	**14,336,553**
El Salvador	175,031	**175,031**
Gabon	9,688	**9,688**
Greece	4,742,978	**4,742,978**
Haiti	1,290	**1,290**
Honduras	66,043	**66,043**
Indonesia	267,320	**267,320**
Israel	24,521,018	**25,528,960**
Jamaica	4,445	**4,445**
Jordan	554,190	**554,190**
Kenya	147,975	**147,975**
Korea (Seoul)	1,677,717	**1,677,800**
Lebanon	244,792	**244,792**
Liberia	29,220	**39,803**
Malaysia	54,207	**54,207**
Morocco	379,652	**497,766**
Oman	175,535	**175,535**
Niger	7,032	**8,027**
Pakistan	1,000,896	**1,000,896**
Panama	22,833	**22,833**
Peru	41,589	**60,286**
Philippines	305,419	**305,419**
Portugal	280,133	**280,133**
Rwanda	1,247	**1,247**
Senegal	5,171	**10,584**
Somalia	152,785	**152,785**
Spain	2,042,710	**2,042,710**
Sri Lanka	3,470	**3,470**
Sudan	345,247	**402,660**
Thailand	651,495	**651,495**
Tunisia	514,673	**514,673**

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Dollars in thousands

Country	Debt outstanding	
	Guaranteed	Total
Turkey	5,724,208	**6,322,570**
Uruguay	332	**332**
Yemen	25,346	**25,346**
Zaire	34,401	**197,759**
Total	**$58,712,496**	**$60,707,456**

[a]DSAA projects debt by making assumptions that unused credits also will be disbursed at specific interest rates over some future period. DSAA includes this projected debt in its annual budget submission in terms of showing what the next 10 years of scheduled annual repayments will be.

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Payments by U.S. Government Due to Defaults on Scheduled Guaranteed Loans as of September 30, 1984

Actual dollars

	Fiscal years		
Country	**1980 & prior**	**1981**	**1982**
Bolivia	$2,665,861	$1,653,287	$1,552,527
Botswana	•	•	•
Brazil	•	•	•
Cameroon	•	988,109	1,019,199
Colombia	2,244,817	2,124,004	894,116
Costa Rica	•	612,216	1,156,653
Dominican Rep.	701,053	•	707,302
Ecuador	•	•	1,452,639
Egypt	9,592,832	•	•
El Salvador	•	394,494	2,256,563
Gabon	512,098	•	•
Guatemala	•	156,972	42,834
Haiti	•	54,431	66,810
Honduras	364,898	•	666,431
Jamaica	•	•	66,449
Jordan	32,979,262	•	31,486,992
Kenya	4,289,934	139,655	1,831,270
Lebanon	952,492	8,280,598	21,374,794
Liberia	•	1,249,928	2,246,946
Morocco	37,640,343	42,985,857	40,167,343
Nicaragua	3,410,273	•	•
Niger	•	•	94,612
Oman	•	3,259,342	•
Pakistan	•	•	•
Panama	•	•	•
Paraguay	186,772	(11,401)	•
Peru	10,747,320	551,309	•
Philippines	•	•	•
Rwanda	•	•	19,074
Senegal	381,550	2,219,094	1,383,425
Somalia	•	•	1,023,062
Spain	•	•	•
Sudan	120,768	1,283,796	7,412,796
Taiwan	•	•	2,940,448
Thailand	•	•	•
Tunisia	1,103,147	•	55,872
Turkey	142,974,878	98,187,338	99,353,790
Uruguay	•	•	•

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Fiscal years				
1983	1984	Total U.S. payments	Repayment by foreign governments	Balance due
$1,457,179	$ •	$7,328,854	$7,328,854	$ •
104,550	456,900	561,450	104,550	456,900
552,181	8,662,536	9,214,717	9,214,717	•
3,172,563	324,476	5,504,347	5,504,347	•
•	4,617,492	9,880,429	9,874,649	5,780
535,901	•	2,304,770	2,304,770	•
1,675,361	2,273,450	5,357,166	4,370,843	986,323
7,800,082	7,162,168	16,414,889	6,274,442	10,140,447
160,992,671	393,252,570	563,838,073	388,565,246	175,272,827
4,175,957	9,290,363	16,117,377	7,042,727	9,074,650
1,174,761	60	1,686,919	1,686,919	•
•	199,806	199,806	•	•
193,462	185,634	500,337	496,635	3,702
1,030,727	5,540,633	7,602,689	5,905,063	1,697,626
56,732	332,211	455,392	123,181	332,211
79,238,961	82,269,691	225,974,906	164,053,581	61,921,325
3,117,105	312,456	9,690,420	9,690,420	•
11,946,844	16,492,643	59,047,371	59,047,371	•
3,145,078	3,352,961	9,994,913	3,592,516	6,402,397
41,491,069	41,136,453	203,421,065	126,125,393	77,295,672
•	•	3,410,273	3,020,917	389,356
77,762	587,060	759,434	173,595	585,839
•	522,314	3,781,656	3,772,274	9,382
180	180	180	•	•
222,727	235,687	458,414	345,591	112,823
•	•	175,371	175,371	•
2,616,908	10,881,104	24,796,641	8,062,055	16,734,586
1,706,913	1,706,913	1,706,913	•	
268,334	94,456	381,864	381,864	•
1,316,044	1,242,730	6,542,843	2,055,836	4,487,007
2,898,313	6,292,020	10,213,395	4,581,375	5,632,020
202,107	•	202,107	202,107	•
14,899,957	14,993,221	38,710,538	312,260	38,398,278
•	2,940,448	2,940,448	•	•
555	•	555	555	•
1,215,778	1	2,374,798	2,371,648	3,510
89,496,780	•	430,012,786	70,631,016	359,381,770
986,227	•	986,227	986,227	•

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Actual dollars

	Fiscal years		
Country	**1980 & prior**	**1981**	**1982**
Zaire	10,490,500	104,186	429,474
Totals	**$261,358,798**	**$164,076,243**	**$216,875,111**

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Fiscal years				
1983	1984	Total U.S. payments	Repayment by foreign governments	Balance due
831,780	1,177,467	13,033,407	7,399,595	5,633,812
$439,877,738	**$613,395,850**	**$1,695,583,740**	**$920,625,857**	**$774,957,883**

Note: U.S. payments on behalf of foreign governments include two situations: (1) amounts overdue which may or may not be rescheduled and (2) amounts not yet overdue which are rescheduled but still payable to the Federal Financing Bank by DSAA when the original due date arrives.

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Comparison of Total Payments by U.S. Government for Defaults By Foreign Governments as of September 30, 1984

Dollars in thousands

Country	Payments			Balances		
	Accounts receivable	Rescheduled amount	Total	Accounts receivable	Rescheduled amount	Total
Bolivia	$7,329	$ •	$7,329	$ •	$ •	$ •
Botswana	561	•	561	457	•	457
Brazil	9,215	•	9,215	•	•	•
Cameroon	5,504	•	5,504	•	•	•
Colombia	9,880	•	9,880	6	•	6
Costa Rica	2,305	•	2,305	•	•	•
Dominican Republic	5,357	•	5,357	986	•	986
Ecuador	9,836	6,579	16,415	3,562	6,579	10,140
Egypt	563,838	•	563,838	175,273	•	175,273
El Salvador	16,117	•	16,117	9,075	•	9,075
Gabon	1,687	•	1,687	•	•	•
Guatemala	200	•	200	•	•	•
Haiti	500	•	500	4	•	4
Honduras	7,603	•	7,603	1,698	•	1,698
Jamaica	455	•	455	332	•	332
Jordan	225,975	•	225,975	61,921	•	61,921
Kenya	9,690	•	9,690	•	•	•
Lebanon	59,047	•	59,047	•	•	•
Liberia	4,224	5,770	9,995	775	5,627	6,402
Morocco	129,381	74,040	203,421	3,255	74,040	77,296
Nicaragua	3,410	•	3,410	389	•	389
Niger	180	579	759	7	579	586
Oman	3,782	•	3,782	9	•	9
Pakistan	•	•	•	•	•	•
Panama	458	•	458	113	•	113
Paraguay	175	•	175	•	•	•
Peru	5,992	18,804	24,797	2,348	14,387	16,735
Philippines	1,707	•	1,707	•	•	•
Rwanda	382	•	382	•	•	•
Senegal	2,493	4,050	6,543	613	3,874	4,487
Somalia	10,213	•	10,213	5,632	•	5,632
Spain	202	•	202	•	•	•
Sudan	13,166	25,545	38,711	12,853	25,545	38,398
Taiwan	2,940	•	2,940	•	•	•
Thailand	1	•	•	•	•	•
Tunisia	2,375	•	2,375	3	•	3

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Dollars in thousands

Country	Payments			Balances		
	Accounts receivable	Rescheduled amount	Total	Accounts receivable	Rescheduled amount	Total
Turkey	2,963	427,050	**430,013**	•	359,382	**359,382**
Uruguay	986	•	**986**	•	•	•
Zaire	534	12,500	**13,033**	•	5,634	**5,634**
Total	**$1,120,663**	**$574,917**	**$1,695,581**	**$279,281**	**$495,647**	**$774,958**

Note: See GAO note in appendix VI for explanation of circumstances for U.S. payments.

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Balances Due for Defaults on Scheduled Guaranteed Loan Repayments and Rescheduled Payments (FY 1981-84)

Dollars in thousands

Country/type of account	Fiscal years 1981	1982	1983	1984
Bolivia				
Accounts receivable	$1,661	$3,214	$1,457	•
Rescheduled repayments	•	•	•	•
Total	**$1,661**	**$3,214**	**$1,457**	•
Botswana				
Accounts receivable	•	•	•	$ 457
Rescheduled repayments	•	•	•	•
Total	•	•	•	**$ 457**
Brazil				
Accounts receivable	•	•	$ 552	•
Rescheduled repayments	•	•	•	•
Total	•	•	**$ 552**	•
Cameroon				•
Accounts receivable	•	•	$ 806	•
Rescheduled repayments	•	•	•	•
Total	•	•	**$ 806**	•
Colombia				
Accounts receivable	•	•	•	$ 6
Rescheduled repayments	•	•	•	•
Total	•	•	•	**$ 6**
Costa Rica				
Accounts receivable	$ 4	$1,157	$ 536	•
Rescheduled repayments	•	•	•	•
Total	**$ 4**	**$1,157**	**$ 536**	•
Dominican Republic				
Accounts receivable	•	$ 707	$1,026	$986
Rescheduled repayments	•	•	•	•
Total	•	**$ 707**	**$1,026**	**$986**
Ecuador				
Accounts receivable	•	•	$ 3,548	$ 3,562
Rescheduled repayments	•	•	•	6,579
Total	•	•	**$3,548**	**$10,141**

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Dollars in thousands

Country/type of account	Fiscal years 1981	1982	1983	1984
Egypt				
Accounts receivable	•	•	•	$175,273
Rescheduled repayments	•	•	•	•
Total	•	•	•	**$175,273**
El Salvador				
Accounts receivable	$ 316	•	$1,939	$9,075
Rescheduled repayments	•	•	•	•
Total	**$ 316**	•	**$1,939**	**$9,075**
Haiti				
Accounts receivable	•	$ 60	$ 55	$ 4
Rescheduled repayments	•	•	•	•
Total	•	**$ 60**	**$ 55**	**$ 4**
Honduras				
Accounts receivable	•	•	$ 355	$1,698
Rescheduled repayments	•	•	•	•
Total	•	•	**$ 355**	**$1,698**
Jamaica				
Accounts receivable	•	•	•	$ 332
Rescheduled repayments	•	•	•	•
Total	•	•	•	**$ 332**
Jordan				
Accounts receivable	•	$22,435	$38,754	$61,921
Rescheduled repayments	•	•	•	•
Total	•	**$22,435**	**$38,754**	**$61,921**
Kenya				
Accounts receivable	•	$1,470	$ 440	•
Rescheduled repayments	•	•	•	•
Total	•	**$1,470**	**$ 440**	•

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Dollars in thousands

Country/type of account	Fiscal years 1981	1982	1983	1984
Lebanon				
Accounts receivable	$5,318	$3,297	•	•
Rescheduled repayments	•	•	•	•
Total	**$5,318**	**$3,297**	•	•
Liberia				
Accounts receivable	$ 287	$1,156	$2,103	$ 775
Rescheduled repayments	963	1,411	2,325	5,627
Total	**$1,250**	**$2,567**	**$4,428**	**$6,402**
Morocco				
Accounts receivable	$6,977	$28,774	$41,491	$ 3,255
Rescheduled repayments	•	•	•	74,040
Total	**$6,977**	**$28,774**	**$41,491**	**$77,295**
Nicaragua				
Accounts receivable	$ 389	$ 389	$ 389	$ 389
Rescheduled repayments	•	•	•	•
Total	**$ 389**	**$ 389**	**$ 389**	**$ 389**
Niger				
Accounts receivable	•	$ 95	•	$ 7
Rescheduled repayments	•	•	•	579
Total	•	**$ 95**	•	**$ 586**
Oman				
Accounts receivable	$ 17	•	•	$ 9
Rescheduled repayments	•	•	•	•
Total	**$ 17**	•	•	**$ 9**
Panama				
Accounts receivable	•	•	•	$ 113
Rescheduled repayments	•	•	•	•
Total	•	•	•	**$ 113**

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Dollars in thousands

Country/type of account	Fiscal years 1981	1982	1983	1984
Peru				
Accounts receivable	$ 37	$ •	$1,769	$ 2,348
Rescheduled repayments	8,835	7,068	5,299	14,387
Total	**$8,872**	**$7,068**	**$7,068**	**$16,735**
Senegal				
Accounts receivable	$ 794	$2,104	$ 652	$ 613
Rescheduled repayments	•	•	2,696	3,874
Total	**$ 794**	**$2,104**	**$ 3,348**	**$ 4,487**
Somalia				
Accounts receivable	•	$1,023	$ 2,898	$ 5,632
Rescheduled repayments	•	•	•	•
Total	•	**$1,023**	**$ 2,898**	**$ 5,632**
Spain				
Accounts receivable	•	•	$ 29	•
Rescheduled repayments	•	•	•	•
Total	•	•	**$ 29**	•
Sudan				
Accounts receivable	$1,092	$ 970	$13,721	$12,853
Rescheduled repayments	•	7,535	9,684	25,545
Total	**$1,092**	**$8,505**	**$23,405**	**$38,398**
Taiwan				
Accounts receivable	•	•	$ 2,940	•
Rescheduled repayments	•	•	•	•
Total	•	•	**$ 2,940**	•
Thailand				
Accounts receivable	•	•	$ 1	•
Rescheduled repayments	•	•	-	
Total	-	**$ 1**	•	

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Dollars in thousands

Country/type of account	Fiscal years 1981	1982	1983	1984
Tunisia				
Accounts receivable	$ 3	$ 3	$ 3	$ 3
Rescheduled repayments	•	•		
Total	**$ 3**	**$ 3**	**$ 3**	**$ 3**
Turkey				
Accounts receivable	$ 8	$ 8	$ 23	$ •
Rescheduled repayments	233,805	320,225	387,061	359,382
Total	**$233,813**	**$320,233**	**$387,084**	**$359,382**
Zaire				
Accounts receivable	$ 104	$ 429	$ 832	$ •
Rescheduled repayments	5,643	4,771	3,625	5,634
Total	**$5,747**	**$5,200**	**$4,457**	**$5,634**
Totals				
Accounts receivable	$ 17,007	$ 67,291	$116,319	$279,311
Rescheduled repayments	249,246	341,010	410,690	495,647
Total	**$266,253**	**$408,301**	**$527,009**	**$774,958**

Note: See GAO note in appendix VI for explanation of circumstances for U.S. payments on behalf of foreign governments.

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Status of Rescheduled Direct and Guaranteed Loan Repayments as of September 30, 1984

Dollars in thousands

Country	Fiscal years 1978	1979	1980	1981
Direct loans				
Liberia	$ •	$ •	$ •	$488
Morocco	•	•	•	•
Peru	•	281	281	•
Sudan	•	•	•	•
Turkey[b]	7,098	20,360	43,215	43,418
Zaire[b]	5,098	482	12,669	2,989
Total	**$12,196**	**$21,123**	**$56,165**	**$46,895**
Guaranty loans				
Ecuador	$ •	$ •	$ •	$ •
Liberia	•	•	•	963
Morocco	•	•	•	•
Niger	•	•	•	•
Peru	•	4,417	4,417	•
Senegal	•	•	•	•
Sudan	•	•	•	•
Turkey	•	39,184	102,485	96,545
Zaire	10,491	•	•	•
Total	**$10,491**	**$43,601**	**$106,902**	**$97,508**
Direct and guaranty loans				
Ecuador	$ •	$ •	$ •	$ •
Liberia	•	•	•	1,451
Morocco	•	•	•	•
Niger	•	•	•	•
Peru	•	4,698	4,698	•
Senegal	•	•	•	•
Sudan	•	•	•	•
Turkey	7,098	59,544	145,700	139,963
Zaire	15,589	482	12,669	2,989
Total	**$22,687**	**$64,724**	**$163,067**	**$144,403**

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Fiscal years			Status at 9/30/84		
1982	1983	1984	Total	Adjustments[a]	Rescheduled balance due
$ •	$578	$232	$1,298	$62	$1,236
•	•	3,406	3,406	•	3,406
•	•	•	562	281	281
484	•	1,974	2,458	24	2,434
19,913	7,602	•	141,606	48,846	92,760
14,390	•	39,362	74,990	9,532	65,458
$34,787	**$8,180**	**$44,974**	**$224,320**	**$58,745**	**$165,575**
$ •	$ •	$6,579	$6,579	$ •	$6,579
473	973	3,362	5,771	144	5,627
•	•	74,040	74,040	•	74,040
•	•	579	579	•	579
•	•	9,969	18,804	4,417	14,387
•	2,767	1,283	4,050	176	3,874
7,535	2,149	15,861	25,545	•	25,545
99,354	89,482	•	427,050	67,668	359,382
•	•	2,009	12,500	6,866	5,634
$107,362	**$95,371**	**$113,682**	**$574,918**	**$79,271**	**$495,647**
$ •	$ •	$6,579	$6,579	$ •	$6,579
473	1,551	3,594	7,069	205	6,863
•	•	77,446	77,446	•	77,446
•	•	579	579	•	579
•	•	9,969	19,365	4,698	14,668
•	2,767	1,283	4,050	176	3,874
8,019	2,149	17,835	28,003	24	27,979
119,267	97,084	•	568,656	116,514	452,142
14,390	•	41,371	87,490	16,398	71,092
$142,149	**$103,551**	**$158,656**	**$799,237**	**$138,015**	**$661,222**

[a]Adjustments include repayments of rescheduled amounts and rescheduling of a rescheduling.

[b]Turkey's rescheduled debt includes about $23.5 million of previously rescheduled debt, and Zaire's rescheduled debt includes $1.8 million of previously rescheduled debt.

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Rescheduled Loans, Overdue Amounts, and Total Debt Outstanding Balances as of September 30, 1984

Actual dollars

Country	Rescheduled Direct	Rescheduled Guaranteed	Total
Bolivia	$ •	$ •	$ •
Botswana	•	•	•
Colombia	•	•	•
Dominican Rep.	•	•	•
Ecuador[b]	•	6,535,633	6,535,633
Egypt	•	•	•
El Salvador	•	•	•
Ethiopia	•	•	•
Haiti	•	•	•
Honduras	•	•	•
Jamaica	•	•	•
Jordan	•	•	•
Liberia[c]	1,164,655	5,488,166	6,652,821
Morocco[d]	3,065,376	68,754,060	71,819,436
Nicaragua	•	•	•
Niger	•	579,156	579,156
Oman	•	•	•
Panama	•	•	•
Peru[e]	212,397	13,195,443	13,407,840
Senegal[f]	•	3,829,796	3,829,796
Somalia	•	•	•
Sudan[g]	2,369,662	24,264,109	26,633,771
Tunisia	•	•	•
Turkey	92,759,595	359,381,770	452,141,365
Zaire	65,458,413	5,633,812	71,092,225
Totals	**$165,030,098**	**$487,661,945**	**$652,692,043**

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Overdue[a]			Debt outstanding		
Direct	Guaranteed	Total	Principal	Interest	Total
$14,875	$ •	$14,875	$6,000,000	$4,801,315	$10,801,315
•	456,900	456,900	12,243,000	4,809,150	17,052,150
•	5,780	5,780	39,115,980	12,882,026	51,998,006
•	986,323	986,323	16,395,000	11,172,858	27,567,858
•	3,604,813	3,604,813	26,720,121	15,285,351	42,005,472
•	175,272,826	175,272,826	4,550,000,000	9,786,553,080	14,336,553,080
•	9,074,650	9,074,650	95,394,000	79,636,653	175,030,653
•	•	4,572,184	3,731,333	840,851	4,572,184
•	3,703	3,703	769,506	520,674	1,290,180
•	1,697,626	1,697,626	38,669,100	27,374,301	66,043,401
•	332,212	332,212	2,587,000	1,857,772	4,444,772
•	61,921,326	61,921,326	388,505,250	165,684,523	554,189,773
186,837	914,231	1,101,068	23,909,162	15,893,753	39,802,915
344,380	8,541,611	8,885,991	307,563,897	190,202,106	497,766,003
•	389,356	389,356	375,000	14,356	389,356
•	6,683	6,683	5,378,075	2,648,960	8,027,035
•	9,382	9,382	121,339,000	54,195,748	175,534,748
•	112,823	112,823	14,645,000	8,187,904	22,832,904
68,838	3,539,143	3,607,981	38,912,213	21,373,797	60,286,010
•	657,211	657,211	8,059,701	2,524,413	10,584,114
•	5,632,020	5,632,020	60,000,000	92,785,029	152,785,029
64,067	14,134,169	14,198,236	135,920,690	266,739,442	402,660,132
•	3,150	3,150	317,277,000	197,396,392	514,673,392
•	•	•	2,443,281,164	3,879,289,158	6,322,570,322
•	•	•	136,767,644	60,991,635	197,759,279
$5,251,181	**$287,295,938**	**$292,547,119**	**$8,793,558,836**	**$14,903,661,247**	**$23,697,220,083**

[a]Of the $292,547,119 direct and guaranteed loan arrearages, $8,529,609 was previously rescheduled.

[b]Arrearage includes $43,031 overdue from a rescheduled loan, with the remainder overdue but not rescheduled.

[c]Direct loan arrearage includes $71,128 previously rescheduled. Guaranteed loan arrearage includes $139,045 previously rescheduled.

[d]Guaranteed loan arrearage includes $5,286,427 previously rescheduled. Direct loan arrearage includes $340,384 previously rescheduled.

[e]Direct loan arrearage was previously rescheduled. Guaranteed loan arrearage includes $1,191,279 previously rescheduled.

[f]Guaranteed loan arrearage includes $44,556 previously rescheduled.

[g]Direct loan arrearage was previously rescheduled. Guaranteed loan arrearage includes $1,280,854 previously rescheduled.

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Amounts Due the U.S. Government as Overdue Amounts and Rescheduled Guaranteed and Direct Loan Balances as of September 30, 1984

Actual dollars

Country	Overdue			Not overdue
	Rescheduled amounts	Original loan amounts	90 days or more	Rescheduled direct & guaranteed amounts
Bolivia	$ •	$14,875	$14,875	$ •
Botswana	•	456,900	•	•
Colombia	•	5,780	5,780	•
Dominican Republic	•	986,323	430,968	•
Ecuador	43,031	3,561,782	881,601	6,535,633
Egypt	•	175,272,826	44,374,093	•
El Salvador	•	9,074,650	9,074,650	•
Ethiopia[a]	•	4,572,184	4,572,184	•
Haiti	•	3,703	3,533	•
Honduras	•	1,697,626	701,536	•
Jamaica	•	332,212	223,319	•
Jordan	•	61,921,326	37,795,107	•
Liberia	210,173	890,895	22,544	6,652,821
Morocco	5,626,811	3,259,180	3,961,558	71,819,436
Nicaragua[a]	•	389,356	389,356	•
Niger	•	6,683	•	579,156
Oman	•	9,382	9,382	•
Panama	•	112,823	112,823	•
Peru	1,260,117	2,347,864	328,806	13,407,840
Senegal	44,556	612,655	44,556	3,829,796
Somalia	•	5,632,020	4,266,254	•
Sudan	1,344,921	12,853,315	7,504,958	26,633,771
Tunisia	•	3,150	3,150	•
Turkey	•	•	•	452,141,365
Zaire	•	•	•	71,092,225
Total	**$8,529,609**	**$284,017,510**	**$114,721,033**	**$652,692,043**

[a]Ethiopia and Nicaragua are sanctioned under the Brooke amendment and receive no further military assistance. Nicaragua also has an arrearage of $10,850 under sale of military equipment for cash.

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Direct Credit Loans Forgiven

Dollars in millions

	FY 1977	FY 1978	FY 1979
Israel[a]			
Total	**$1,000**	**$1,000**	**$3,200**
DOD guaranty	500	500	2,700
Direct credits forgiven	500	500	500
Egypt			
Total	•	•	**1,500**
DOD guaranty	•	•	1,500
Direct credits forgiven	•	•	•
Sudan			
Total	•	•	**5**
DOD guaranty	•	•	5
Direct credits forgiven	•	•	•

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FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985 (Estimate)	FY 1977-FY 1985
$1,000	**$1,400**	**$1,400**	**$1,700**	**$1,700**	**$1,400**	**$13,800**
500	900	850	950	850	•	7,750
500	500	550	750	850	1,400	6,050
•	500	900	1,325	1,365	1,175	6,765
•	500	700	900	900	•	4,500
•	•	200	425	465	1,175	2,265
25	**30**	**100**	•	•	•	**160**
25	30	50	•	•	•	110
•	•	50	•	•	•	50

[a]From fiscal years 1974 to 1985, Israel received $18.28 billion in loans, of which $8.5 billion was forgiven repayments.

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List of Countries for Which Loan Terms Have Been Approved in FY 1983-85 (Grace/Repayment Period)

	FY 1983	FY 1984	FY 1985[b]
East Asia & Pacific			
Indonesia	2/7	2/7	2/7
Korea	5/7	5/7	10/20[c]
Malaysia	1/6	1/6	1/6
Philippines	2/7	5/7	5/7
Thailand	5/7	5/7	5/7
Near East & South Asia			
Egypt[d]	10/20	10/20	10/20
Israel[d]	10/20	10/20	10/20
Jordan	1.5/7	4/7	5/7[c]
Lebanon	3/5	5/7	5/7
Morocco	5/7	5/7	5/7
Oman	1/7	1/7	1/7
Pakistan	3/9	3/9	3/9
Tunisia	5/7	5/7	10/20[c]
Europe			
Greece	10/20	10/20	10/20
Portugal	5/7	5/7	10/20[c]
Spain	20/10	2/10	10/20[c]
Turkey	10/20	10/20	10/20
Africa			
Botswana	1/6.5	1/7	1/7
Cameroon	1/4.5	1/4.5	1/4.5
American Republics			
Colombia	1/6	1/6	3/7[c]
Dominican Republic	5/7	5/7	5/7
Ecuador	5/7	5/7	5/7
El Salvador	5/7	5/7	5/7
Panama	3/7	3/7	3/7
Peru	5/7	5/7	5/7

[a]Terms approved as of October 17, 1984. During the grace period only interest payments are due. The Arms Export Control Act authorizes a maximum repayment period of 12 years. Congress specifically authorizes longer repayment period as in the case of Korea, Philippines, and others shown above.

[b]All concessional interest rate loans for fiscal year 1985 will be at 5/7 terms of repayment.

[c]Indicates more lenient terms for 1985.

[d]Payments are waived/forgiven for fiscal years 1983, 1984, and 1985.

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Request Letter From Senator David L. Boren Dated March 15, 1984

DAVID BOREN
OKLAHOMA

WASHINGTON OFFICE:
440 RUSSELL BUILDING
WASHINGTON D.C. 20510

STATE OFFICES:
621 NORTH ROBINSON, SUITE 320
OKLAHOMA CITY, OKLAHOMA 73102

ROBERT S. KERR BUILDING
440 SOUTH HOUSTON
TULSA, OKLAHOMA 74127

MUNICIPAL BUILDING, ROOM 110
420 NORTH MAIN
DURANT, OKLAHOMA 74701

United States Senate

WASHINGTON, D.C. 20510

MEMBER:
COMMITTEE ON FINANCE
RANKING MEMBER:
SUBCOMMITTEE ON ESTATE AND GIFT TAXATION
MEMBER:
SUBCOMMITTEE ON INTERNATIONAL TRADE
SUBCOMMITTEE ON SOCIAL SECURITY AND INCOME MAINTENANCE PROGRAMS
MEMBER:
COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY
RANKING MEMBER:
SUBCOMMITTEE ON AGRICULTURAL RESEARCH AND GENERAL LEGISLATION
MEMBER:
SUBCOMMITTEE ON AGRICULTURAL CREDIT AND RURAL ELECTRIFICATION
SUBCOMMITTEE ON FOREIGN AGRICULTURAL POLICY

March 15, 1984

Charles A. Bowsher
Comptroller General of the United States
General Accounting Office
Washington, D.C. 20548

Dear Mr. Bowsher:

I am hereby requesting a General Accounting Office study and audit of the foreign aid programs of the United States.

I am requesting that this study and audit be done on a country by country basis and include the following information:

1) The name of the country.
2) The amount and type of assistance received.
3) The repayment terms, if any.
4) The record of repayment. This should include any delinquencies or defaults, plus any rescheduling of loans or debt rollovers which may have occured.
5) The accuracy and adequacy of the billings to each country.
6) What contingent liabilities the United States would be required to pay in the event assistance were terminated or default occured.
7) Any circumstances in which assistance is provided to one country on the promise of a third country to bear the cost.

I intend such a study to include both military and economic assistance, loans or grants of both a material or financial nature. I am seeking as clear a picture as possible of U.S. aid of all types to all countries and the terms under which such aid was given and continued. I would ask that this study include all activity from 1970 until the latest available figures.

I am considering comprehensive legislation in the foreign aid field, that will include provisions to cut off or to place conditions upon the granting of further funds to any recipient country that is seriously delinquent in repayments to the United States or has a history of delinquencies, defaults or debt rollovers.

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Charles A. Bowsher
March 15, 1984
Page 2

I realize that contributions to multi-nation development banks cannot be included in the country by country break down. In those cases, a simple statement of U.S. contributions and the relationship of those contributions to the contributions of other member states will be sufficient. U.S. contributions to the United Nations would not be included.

I also realize that portions of such a report and audit may require classifications for national security purposes.

I appreciate your assistance in this matter and I feel that although this will be a major undertaking by the G.A.O., the results will be of benefit to the Congress and to the country.

Sincerely,

David L. Boren
United States Senator

DLB/dhg

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Advance Comments From the Defense Security Assistance Agency

DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, D.C. 20301

7 OCT 1985

In reply refer to:
I-13529/85

Honorable Charles A. Bowsher
Comptroller General
of the United States
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Bowsher:

This is the Department of Defense (DoD) response to the draft General Accounting Office (GAO) report "Foreign Governments' Repayment of Military Loans" dated August 22, 1985, GAO Code 463725, OSD Case 6818-A. The DoD concurs with the draft report, except for the following technical corrections:

Now on p. 14.

The second paragraph on page 8 of the subject report states:

"Under the FMS financing program, foreign governments draw down the credit balance whenever DSAA approves a purchase request. The approved purchase request generates a loan agreement which establishes a schedule of principal and interest repayments over the term of the loan."

This passage would more correctly read:

"Under the FMS financing program, foreign governments sign a loan agreement with the U.S. Government, represented by DSAA, establishing a line of credit up to a specified dollar amount and a principal repayment schedule, together with provisions regarding the payment of interest on amounts subsequently drawn down against the line of credit and other conditions of the loan. The borrowers request DSAA approval from time to time thereafter to apply portions of the line of credit to particular defense procurements. If DSAA approves the financing of such procurements, the borrowers request drawdowns of funds from time to time to pay the suppliers in accordance with the terms of the purchase agreements that were previously approved for financing."

Now on p. 18.

On page 13 of the subject report, application of the Brooke Amendment is discussed. Liberia, Somalia and Peru should also be included in the list.

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Now on pp. 38 & 46.

The tables in Appendices I and II at pages 37 and 44 indicate that the Dominican Republic received a $2.5 million loan under which payment was waived. This should be corrected to show that the FY 1984 $2.5 million loan was a repayable DoD guaranty loan and that the total of loans to the Dominican Republic in the FY 1950-FY 1984 period that were under DoD guaranty was $20.198 million.

In addition, the report includes a number of technical errors, such as inconsistent uses of data, which we have discussed with members of your staff.

The DoD appreciates the opportunity to review and comment on the draft report.

Sincerely,

PHILIP C. GAST
LIEUTENANT GENERAL, USAF
DIRECTOR

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Advance Comments From the Department of State

United States Department of State

Comptroller

Washington, D.C. 20520

October 9, 1985

Dear Frank:

I am replying to your letter of August 22, 1985 to the Secretary which forwarded copies of the draft report: "Foreign Governments' Repayment of Military Loans."

The enclosed comments on this report were prepared in the Bureau of Politico-Military Affairs.

We appreciate having had the opportunity to review and comment on the draft report. If I may be of further assistance, I trust you will let me know.

Sincerely,

Roger

Roger B. Feldman

Enclosure:
As stated.

Mr. Frank C. Conahan,
Director,
National Security and
International Affairs Division,
U.S. General Accounting Office,
Washington, D.C. 20548

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GAO DRAFT REPORT: FOREIGN GOVERNMENTS' REPAYMENT OF MILITARY LOANS

The following comments and exceptions should be considered before a final report is issued:

Now on p. 2, para. 4.

a. Page i, first para., last sentence: change to read "Some economically strapped countries have found it . . ." Reason: some countries which have encountered repayment difficulties have taken effective adjustment measures and are overcoming their repayments problems (Turkey and Ecuador are examples).

Now on p. 2, para. 2.

b. Page ii, 2nd full para. -- Change to read: ". . . were appropriated as direct loans and were, therefore, on budget."

Now on p. 3, para. 8.

c. Page vi, para. 1 -- comment: The Administration's proposal gave no indication that guaranteed loans would be used again. The CPD request was only for direct appropriated loans at concessional or Treasury rates.

Now on p. 4, para. 4.

d. 1) Page vii, para. 1 -- "Recommendations": comment: The large shortfall between the Administration's foreign military credit request for FY 1986, and likely credit appropriations, will make it almost impossible to reserve a portion of those credits for the GRF to fund arrearages. Therefore, STATE does not accept this recommendation as a viable foreign policy action.

2) The current authorization act requires that the President prepare and transmit to the Congress within 90 days after the date of the enactment, a report of the history of FMS financing and recommendations on replenishing the GRF. DoD/DSAA is preparing this report, as the implementing agency. Since the report is already required by law, it does not seem appropriate for GAO to include it in its recommendations. Noting the requirements would be more appropriate.

Now on p. 4, para. 5.

e. Page vii, para. 2 -- comment: We do not think that a request for a permanent appropriations implies that the Administration intends to revive the guaranteed loan

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program. GAO should make clear what linkage it sees between the GR legislative proposal and new guaranteed loans.

Now on p. 10, para. 4.

f. Page 2, first full para. -- first sentence, change 1968 to 1976. Reason: See next comment. The FMSA is 1968, the AECA is 1976; comment: IMET, while providing for grant military education and training, does create some costs for foreign governments, in special pay and allowances for overseas duty. In several countries, this restricts the amount of IMET that can be absorbed.

Now on p. 11, para. 5.

g. Page 3, para. 3, first sentence, change Arms Export Control Act to Foreign Military Sales Act. Reason: Accuracy; also, last sentence -- change to reflect that "all new FMS loans were put on budget, ..." Reason: Previously existing FMS loans continue under the FFB system.

Now on p. 12, para. 1, line 1

h. Page 4, para. 1, line 6 -- change "or" to "at."

Now on p. 11, para. 6.

i. Page 4, para. 1 -- comment: The linkage between FMS loans and high interest rates during some periods of time, will exist similarly for direct Treasury rate loans.

Now on p. 12, para. 2, line 8.

j. Page 4, para. 2, line 9 -- change "to" to "for".

Now on p. 13, para. 2.

k. Page 6, para. 1 -- change the first sentence to read, "we performed our work at the Departments of Treasury, State, and Defense -- principally . . . ." Reason: Clarity and accuracy.

Now on p. 14, para. 2, line 1.

l. Page 7, second para., first sentence: Change to read "Not surprisingly, some foreign governments . . ." Reason: Present form is too general. Our approach to debt management problems emphasizes the unique nature of individual country circumstances. Too broad a scope should be avoided.

Now on p. 14, para. 3.

m. Page 7, third para., line 4 -- change to read, " . . . foreign government defaults for existing loans from permanent . . ." Reason: New loans are on-budget. Therefore, no guarantee to the FFB or private lender is required.

Now on p. 17, para. 2, line 2.

n. Page 11, second full para., first sentence: Change to read: " . . . on behalf of foreign governments which have failed to make payments . . . " Reason: In at least some

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cases, delayed payment has been a conscious decision on the part of the countries involved that could arguably have been avoided. This wording states what happened, without judging why.

Now on p. 18, para. 1.

o. Page 12, second full para., change first sentence and add new second sentence: " . . . the United States reschedules official debts under the Paris club mechanism as part of a general multilateral official debt rescheduling if scheduled payments cannot be made and the country being rescheduled faces the prospect of imminent default. As a condition of rescheduling, the foreign government must seek rescheduling of debt obligations owed to private creditors and of debts owed to non-Paris club official creditors on a comparable basis, and must have in place (at least in principle) a standby arrangement or extended fund facility with the IMF. In exchange for IMF assistance . . . " Reason: This provides a fuller and more accurate statement of debt policy.

Now on p. 18, para. 1.

p. Page 12, second full para., final portion to read: ". . . meet its debt obligations over the longer term. Hence, U.S. Government participation in multilateral rescheduling of official debt stems in large part from the attempt to assure the eventual repayment of loans by borrowing countries." Reason: Official rescheduling is sometimes criticized as a "back door" form of economic assistance. This view is incorrect.

Now on p. 18, para. 3.

q. Page 12, last para. -- Note: The current appropriations act is for FY 1985 and the appropriate section is 518. Brooke is carried forward each year as a current section.

Now on p. 18, para. 7.

r. Page 13, para. 3 -- Note: Effective 17 July 1985, Peru was placed under the Brooke sanction. Effective 16 September 1985, repayment was made and the sanction lifted.

Now on p. 18, para. 6.

s. Page 13, last full para. -- Note: DoD policy does not apply to "other assistance programs which are funded by foreign assistance appropriations," additionally it is not clear what "implemented" means.

Now on p. 19, para. 2.

t. Page 14, second para., first sentence -- Note: The Brooke cite should be to the Brooke amendment as a generic category or to all subsequent sections of yearly appropriations acts.

Now on p. 21, para. 5, line 5.

u. Page 18, second para., fourth sentence to read: "Egypt's scheduled repayments due in fiscal year 1986 are $73 million greater than scheduled repayment in fiscal year 1985 ($485

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million) and Egypt did not meet those obligations." Reason: Revised language states fact without making judgment on ability to pay.

Now on p. 22, para. 2.

v. Page 18, para. 3 -- First sentence should be changed to read ". . . . for Fiscal Year 1986, but may again propose . . ." comment: Report to Congress, on GRF mentioned in d(2) above, will address question of future handling of the GRF.

Now on p. 22, para. 3.

w. Page 19, first full para. -- Note: We do not believe that the GRF should "compete" for security assistance dollars against other potential [country] users. The security assistance budget request is a foreign assistance policy decision, while the GRF payment fulfills a statuatory requirement and is nondiscretionary.

Now on p. 23, para. 2.

x. Page 20-21, para. 3 -- See b, d and e above.

Now on p. 23, para. 4.

y. Page 21, para. 3 -- See d above.

Now on p. 29, paras. 2 and 3.

z. Page 27, paras. 3 and 4 -- Israel's total military debt is shown as $25.5 billion, of which $18.3 billion was provided during the period 1974-85 with $8.5 billion forgiven. In essence, this says that $15.7 billion exists for loans made prior to 1974. However, page 34, Appendix I shows only a total of $18.3 billion in loans from FY 1950-1984 of which $7.1 billion was forgiven. This would indicate only a balance of $11.2 billion. Clearly there is some disparity which should be resolved.

Now on p. 30, para. 3.

aa. Page 29, first full para., first sentence changed to read: "Egypt had a debt service ratio of about 26 percent according to the fiscal year 1985 budget. FMS obligations comprise almost one-fifth of total debt service obligations. Due to Egypt's 30-year repayment terms, . . ." Reason: Clarifies relative role of FMS debt in total debt service obligations.

Now on p. 30, para. 6.

ab. Page 30, first (partial) para., change last part to read: "According to a Department of State official, Egypt requested relief on its FMS debt obligations but has to date been denied because USG policy is to provide relief only through miltilateral reschedulings and only after an IMF arrangement has been reached. While severe austerity measures in an adjustment program are politically difficult in domestic terms, the Egyptian Government continues to consider the possiblity of an IMF program and in the

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meantime has adopted a number of economic measures designed to improve efficiency and increase Egypt's ability to manage its external finances. The Egyptian Government has continued to make FMS payments late but in time to avoid sanctions under the Brooke amendment." Reason: Statement in present report does not represent USG policy.

Now on p. 31, para. 2.

ac. Page 30, first full para., add as last sentence: "In addition, the 1985 supplemental provided an additional $500 million as ESF cash assistance for Egypt available for disbursement in FY 1985 and FY 1986, further easing Egypt's external financial situation."

Now on p. 32.

ad. Page 32, First sentence of "conclusions," change to read: "The use of guaranteed loans, with high interest rates, was in some cases excessive in relation to the recipients ability to service this debt. Beginning with the fiscal year 1985 . . ." Reason: Current sentence is unclear and misleading. Any new loan by definition ". . . increased debt burdens and impacted poor countries' ability to repay the loans." This does not justify a generalization that all loans at rates reflecting USG borrowing costs were "unrealistic." The policy response of granting increasing proportions of concessional loans reflects recognition of the need to take individual circumstances into account.

Now on p. 42.

ae. Page 39, Appendix II -- Note: The "estimate" column should be for 1985 and the aggregate column for 1950 - 84, as corrected beginning on page 43.

Now on p. 78.

af. Page 68, Philippines -- The FY 1985 loan terms were 5/7, not 10/20. The Administration requested and Congress approved 10/20 terms for FY 1986, but not FY 1985.

We assume that most of the historical data was provided from DoD/DSAA sources. Therefore, we recommend that DSAA thoroughly screen the data as depicted in this report's appendices.

Thomas E. McNamara
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